Ashmore

focus
on the opportunity

Annual Report and Accounts 2019

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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 31.

Five-year comparatives for other alternative performance measures are included in the five-year summary on page 157.

2019 highlights

Assets under management (AuM)

US$91.8bn

2018: US$73.9bn

+24% YoY

AuM outperforming benchmarks (three years)

97%

2018: 94%

Net revenue

£314.3m

2018: £276.3m

+14% YoY

Adjusted EBITDA margin

66%

2018: 66%

Profit before tax

£219.9m

2018: £191.3m

+15% YoY

Diluted EPS

25.0p

2018: 21.3p

+18% YoY

Dividends per share

16.65p

2018: 16.65p

focus
on the opportunity

Ashmore's specialist approach to investing means it is focused on the substantial long-term growth opportunity available across the large and diverse Emerging Markets asset classes. This focus creates value for clients and shareholders through market cycles.

focus on fundamentals

Emerging Markets provide significant growth opportunities as countries' wealth converges with that of the developed world

Read more on pages 4-5

focus on local

The establishment of local bond markets is the single most important development in Emerging Markets over the past 25 years

Read more on pages 10-11

focus on markets

Inefficiencies in Emerging Markets can be exploited by specialist, active managers to deliver superior performance for clients

Read more on pages 16-17

focus on process

Active investment processes have access to a highly diverse range of investment opportunities across Emerging Markets

Read more on pages 24-25

focus on outperformance

Ashmore's primary focus is the delivery of consistent and superior investment performance for clients

Read more on pages 32-33

focus on impact

Ashmore focuses on the three pillars of Corporate, Investment and Societal sustainability to ensure a positive impact

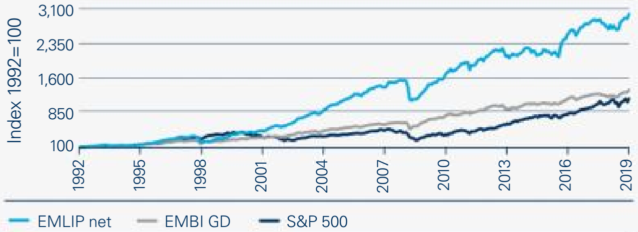
Read more on page 40

An Emerging Markets specialist...

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



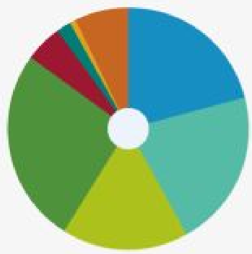
Cumulative monthly returns since October 1992
Source: Ashmore (EMLIP fund), Bloomberg, JP Morgan

- Emerging Markets account for the majority of the world's population (86%) and GDP (59%) yet only a small proportion of the world's bond issuance (23%) and equity market capitalisation (35%)
- The structural growth opportunity is therefore substantial and inefficient asset classes mean specialist, active management is key to delivering superior investment returns

A specialist investment approach

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

Group AuM by investment theme



External debt	21%
Local currency	21%
Corporate debt	17%
Blended debt	26%
Equities	5%
Alternatives	2%
Multi-asset	1%
Overlay/liquidity	7%

- Deep research-based understanding of Emerging Markets underpins an active, value-based investment philosophy
- Processes add risk when assets are mispriced relative to fundamentals, delivering long-term outperformance
- Investment committee approach means no individual is solely responsible for decision-making
- Track record extends more than 25 years

Extensive worldwide network

Ashmore has established a network of offices across 12 countries, providing global investment management capabilities together with local asset management platforms.

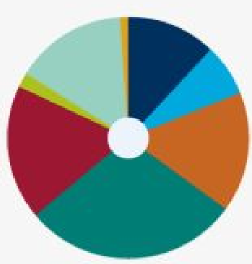
Emerging Markets invested ● Ashmore presence

See page 18 for more on Emerging Markets performance

Highly diversified client base

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

Group AuM by client type



Central banks	12%
Sovereign wealth funds	7%
Governments	16%
Pension plans	29%
Corporates/financial institutions	18%
Funds/sub-advisers	2%
Intermediary retail	15%
Foundations/endowments	1%

- Institutional clients represent 85% of AuM
- Growing contribution from retail clients accessed through third-party intermediaries, now 15% of AuM
- 30% of AuM sourced from clients domiciled in Emerging Markets

See page 26 for a review of Ashmore's performance

...delivering strong performance

Consistent three-phase strategy

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

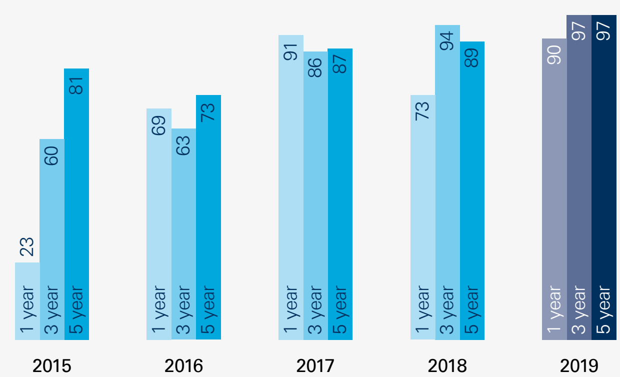
Business model is robust, scalable and proven through cycles

See pages 6 & 8 for Ashmore's strategy and business model

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

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)



There is a strong alignment of interests with variable remuneration biased towards long-dated equity awards. Employees own approximately 46% of Ashmore.

Adjusted EBITDA margin

66%

2018: 66%

Strong conversion of operating profits to cash

106%

2018: 114%

Diluted EPS

25.0p

2018: 21.3p

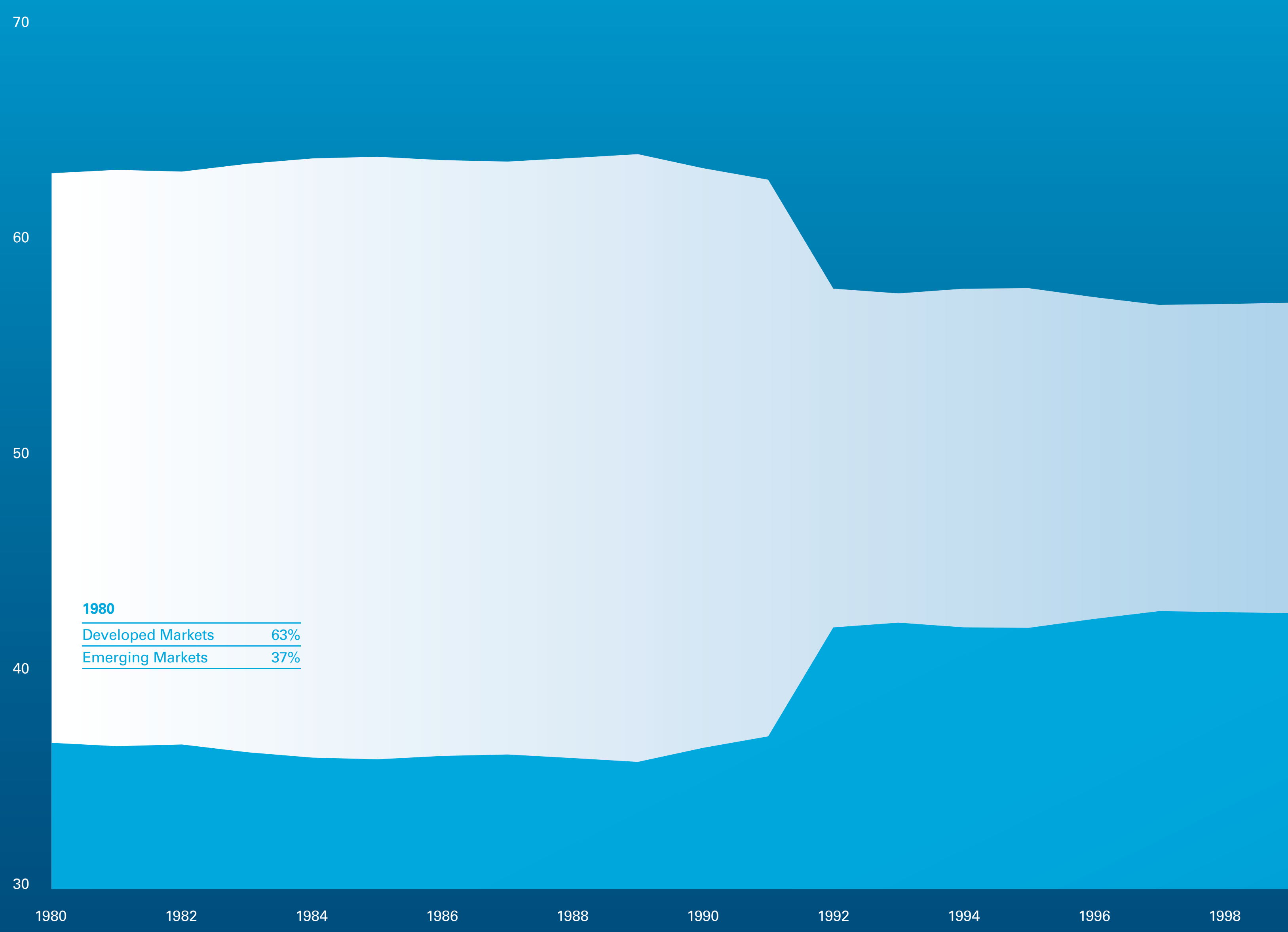
Dividends per share

16.65p

2018: 16.65p

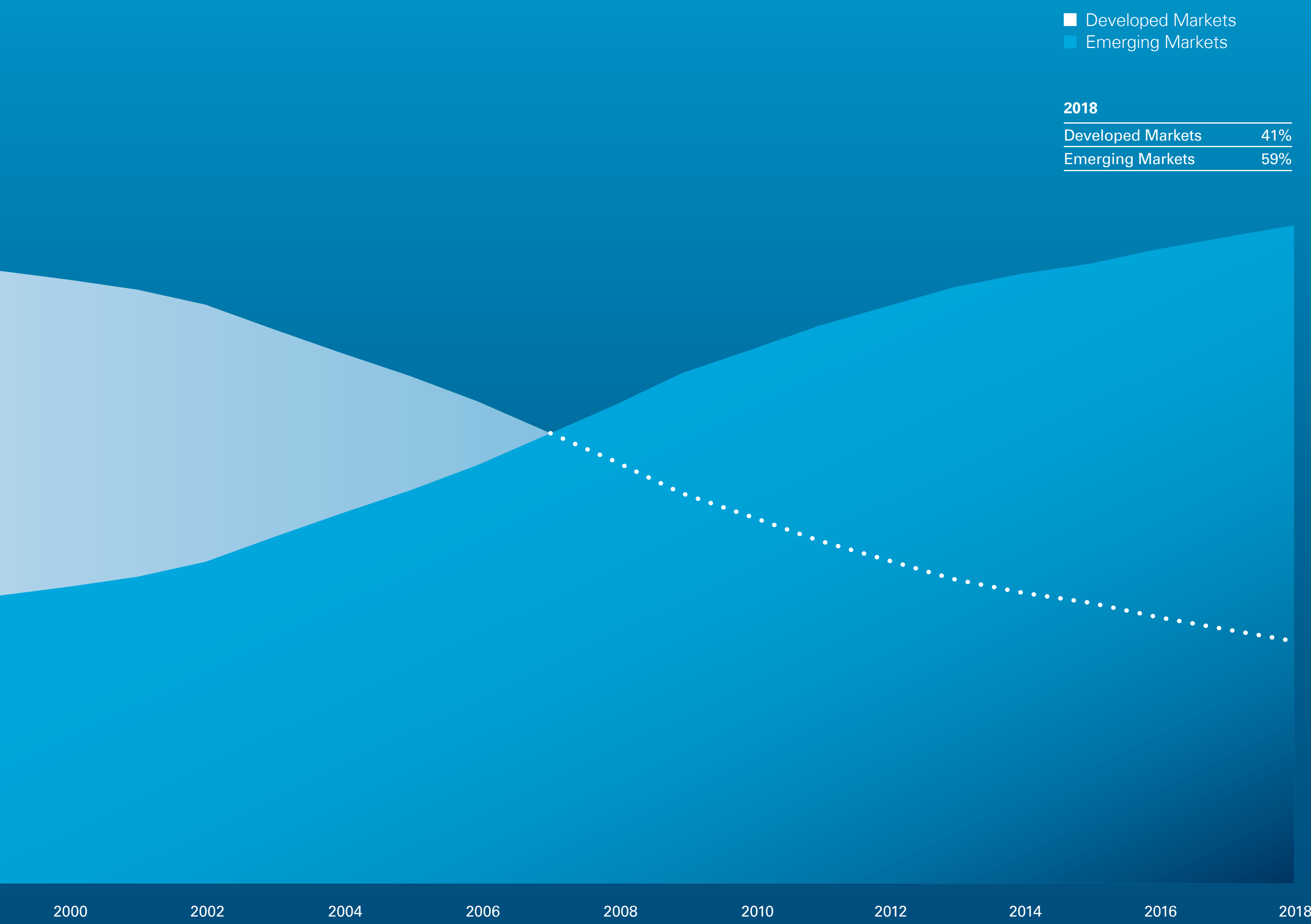
See page 14 for more on Ashmore's KPIs

GDP share of world (PPP):
Percentage



Source: International Monetary Fund, World Economic Outlook Database, April 2019. GDP is on purchasing power parity (PPP) basis.

focus on fundamentals



The end of the cold war brought about a powerful convergence trend, as emerging nations began to realise their growth potential. Since 2008, Emerging Markets have generated an increasing majority of the world's GDP, and this trend is expected to continue.

- Economic growth is important as it has positive influences on quality of life, the environment, and political life.
- Emerging Markets comprise a diverse set of more than 150 countries whose aggregate contribution to world GDP has grown consistently over the past two decades. This growth is underpinned by the ongoing convergence in GDP per capita between Emerging and Developed Markets: in absolute terms, the emerging world is still 35 years behind the developed world.
- Emerging Markets growth is broad-based with the top 20 fastest growing nations (per IMF) being in the emerging world.
- The IMF expects this growth trend to continue, with Emerging Markets representing 64% of world GDP by 2024.
- Ashmore's strategy is focused on the substantial growth opportunity presented by this convergence trend.

A consistent strategy for growth

1. Establish Emerging Markets asset classes

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

2. Diversify investment themes and developed world capital sources

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

3. Mobilise Emerging Markets capital

Ashmore's growth is enhanced through accessing rapidly growing pools of investable capital in Emerging Markets

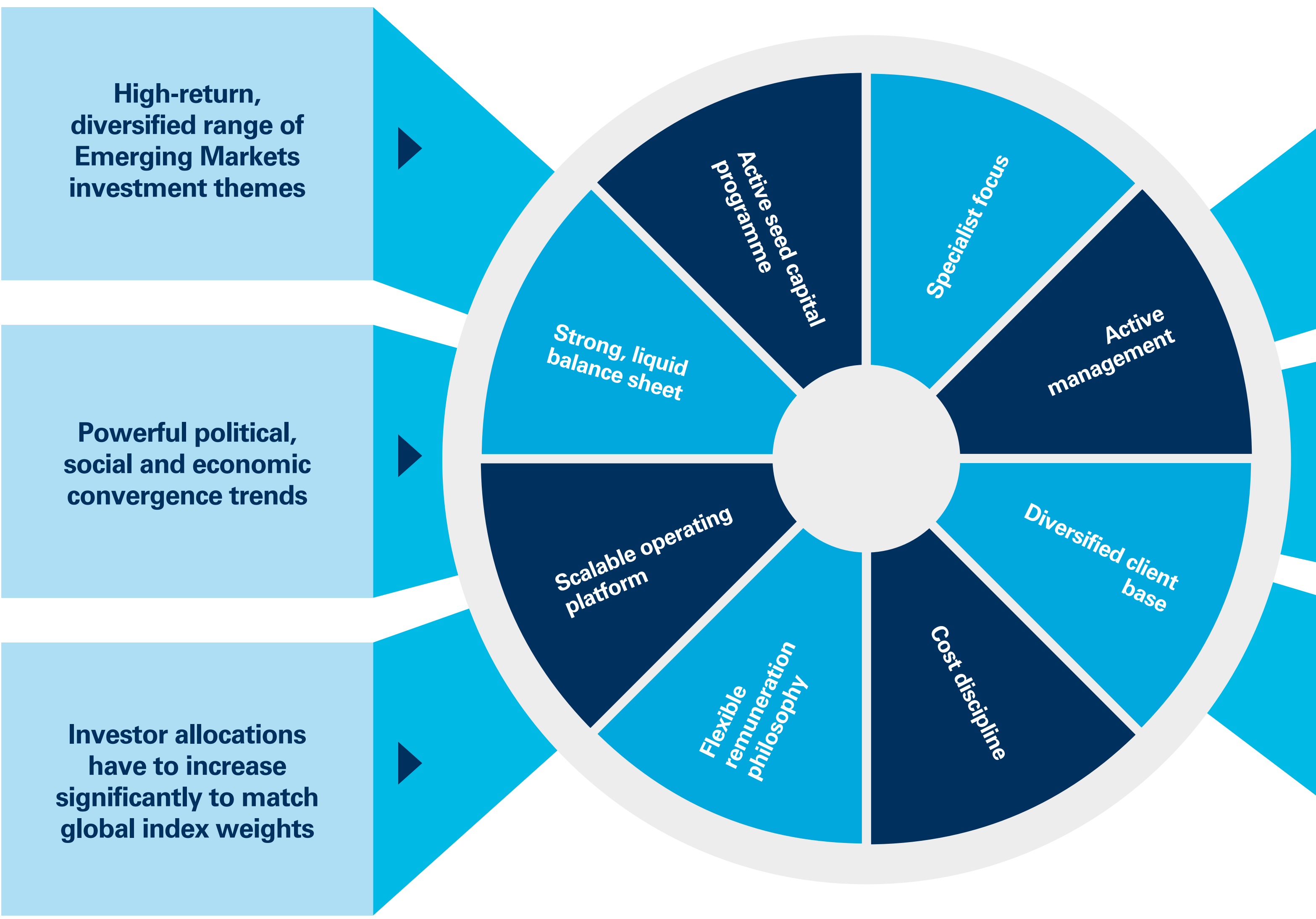
Ashmore's strategy is aligned with the significant growth opportunity available across the broad range of Emerging Markets asset classes. The three distinct phases are focused on growing and diversifying Ashmore's business and creating value for clients and shareholders.

Opportunity	Progress in 2019	Potential sources of risk
– Developed world investors hold US$80 trillion of assets and are profoundly underweight Emerging Markets: target allocations are less than 10% compared with global benchmark weights of 15% to 20%	– AuM increased 24% with net flows of +US$10.7bn, as new and existing clients increased allocations to Emerging Markets	– Sentiment towards, and fundamental performance of, Emerging Markets – Long-term investment performance
– The Emerging Markets investment universe continues to grow and diversify, and Ashmore strives to be at the forefront of accessing new market opportunities as they arise – Diversifying revenue streams provides greater stability through the cycle	– Intermediary retail AuM increased 29% and now represents 15% of Group AuM – New seed capital investments of £108 million made in new and existing funds to support future AuM growth – Acquisition in Colombia added alternatives AuM and real estate investment capabilities	– Implementing strategic initiatives and changes to the Group's business or operating model – Potential constraints on longer-term growth such as competition
– Investable capital in Emerging Markets is growing more than 3x faster than in Developed Markets – This presents a significant growth opportunity in local asset management platforms, as well as cross-border Emerging Markets opportunities over the longer term	– AuM sourced from Emerging Markets-domiciled clients increased 14% in the year to nearly US$28 billion	– Managing the development of overseas offices, including local asset management platforms in Emerging Markets
See pages 18-23 for Ashmore's market and investment themes review	**See pages 26-31 for Ashmore's business review**	**See pages 34-39 for Ashmore's principal risks**

A specialist business model that is robust and scalable

Structural growth opportunities

Distinctive business model characteristics



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

Delivering value through the cycle

Strong long-term investment performance for clients

Significant alpha delivered through market cycles

97% AuM outperforming over three years

Interests aligned through employee equity ownership

Variable remuneration biased towards long-dated equity awards

Employees own approximately 46% of Ashmore

Value for shareholders

66% adjusted EBITDA margin

Strong cash generation

Progressive dividend policy

focus on local

The development of large and increasingly diversified local currency bond markets is the single most important structural change in Emerging Markets over the past 25 years. Countries that fund in their own currency have greater resilience to external shocks since their domestic economic cycles are less vulnerable to shifting foreign investor sentiment.

- The common perception that Emerging Markets fund themselves in US dollars is out of date, with 89% of government bonds and 77% of corporate bonds issued in local currencies.
- These bonds are primarily owned and traded by domestic institutional investors, who can act as an important buffer since they are resilient in the face of external shocks.
- When a country issues debt for the first time it typically does so in offshore markets since it has only rudimentary domestic capital markets. As the local markets develop, they become an important source of growth and provide substantial investment opportunities. Over the past 15 years, local currency markets have grown at an average rate of 20% in US dollar terms, and have delivered 7% annualised returns, well in excess of the 3% annualised return from US five-year Treasuries of similar duration.
- Index inclusion is increasing but is still low and has lagged the development of the local currency markets, with just 11% of government bonds and only 2% of corporate bonds included in benchmark indices. This inefficiency is a potential source of alpha to be exploited by Ashmore's specialist active investment processes.
- There is significant value available in local currency bond markets. For example, the GBI-EM GD benchmark index yields more than 5% and Ashmore's view is that Emerging Markets currencies are 20% undervalued against the US dollar based on real effective exchange rates. Over the medium term therefore, double-digit annualised total returns are possible in this investment grade-rated asset class. This is highly attractive in absolute terms, but even more so when compared to equivalent duration bonds in developed markets where unorthodox monetary policies have reduced nominal and real yields to extremely low, in some cases negative, levels.
- Local currency assets currently represent 29% of Ashmore's AuM on an 'as invested' basis. Over time, the AuM should reflect the underlying markets and local currency should become the Group's largest single asset class.

Emerging Markets fixed income:
Local currency bonds represent majority of outstanding bond issuance

Total
US$26.5trn
of Emerging Markets bonds outstanding

2018
82%
of bonds issued in local currency

Local currency	21.8
– sovereign:	10.5
– corporate:	11.3
External debt	4.7
– sovereign:	1.3
– corporate:	3.4
Total (US$ trillion):	**26.5**

1984
15%
of bonds issued in local currency

Local currency	0.01
– sovereign:	0.01
– corporate:	0.00
External debt	0.08
– sovereign:	0.01
– corporate:	0.07
Total (US$ trillion):	**0.09**

A consistent focus on the Emerging Markets growth opportunity has delivered strong investment, operating and financial performance this year

Ashmore has delivered a strong performance for the financial year and made significant progress against the growth objectives of its focused three-phase strategy.

- Investment performance is strong with more than 90% of AuM outperforming benchmarks over one, three and five years.
- Assets under management increased 24%, primarily through net inflows across the range of investment themes, resulting in 17% growth in net management fees.
- Disciplined control of operating costs has delivered 10% growth in adjusted EBITDA and an adjusted EBITDA margin of 66%.
- Profit before tax increased by 15% to £219.9 million and diluted EPS increased by 18% to 25.0 pence.
- The client base is increasingly well diversified, and intermediary retail clients now represent 15% of Group AuM after 29% growth in assets this year. The client flows in the period were broad-based by client type and geography.
- The Group's local asset management platforms continue to develop as planned, including through the acquisition of a real estate business in Colombia.

The year was positive for Emerging Markets as economic and political fundamentals continued to strengthen. While there have been some headwinds, for example the deteriorating US/China trade relationship, thus far these have had only a temporary impact on market sentiment, and therefore prices, but not a major effect on the aggregate Emerging Markets growth picture.

- The Emerging Markets asset classes continued to expand, with 9% growth in the value of bonds outstanding to US$26.5 trillion and equity market capitalisation standing at US$24.5 trillion.
- Index representation improved, with 12% of the fixed income market and 23% of the equity market now included in the major benchmark indices. Important developments include the recognition of five GCC markets in the external debt index and inclusion of China in the Bloomberg Aggregate and FTSE World Government Bond indices, with JP Morgan expected to follow suit in respect of its local currency bonds index.
- Elections in several major economies, such as Brazil, India, Indonesia and South Africa, not only offered alpha generation opportunities, but also produced market-friendly results that support expectations of continued reforms.
- Emerging Markets returns were positive over the 12 months with +1% to +5% for equity markets and +9% to +12% for fixed income indices.

In contrast, the developed world has continued to struggle with political upheaval and lacklustre economic growth as a result of too much debt and a lack of reforms. Market levels have been supported by unorthodox monetary policies, and while central banks are mostly dovish, rates are already low and US$13 trillion of bonds trade at negative yields. This challenging backdrop for Developed Markets further highlights the opportunities in Emerging Markets and places more pressure on investors to address their underweight positions and to increase allocations to the parts of the world that offer higher growth, greater value and better risk-adjusted returns.

Focus on strategic growth opportunities

The investment opportunities across Emerging Markets have increased significantly since Ashmore launched its first fund in 1992, and notwithstanding the very significant developments in these markets over the past few decades, there remain substantial growth opportunities across the Emerging Markets.

In large part, this reflects the still inefficient nature of Emerging Markets, with low index representation, frequent misunderstanding of the relationship between fundamentals and market prices, underweight investor allocations, and outdated notions of the drivers of growth and vulnerabilities across the emerging nations.

Ashmore's ability to exploit these inefficiencies has been proven through market cycles over the past nearly 30 years, by following a consistent specialist and focused approach, and having a deep understanding of the underlying economies, political developments and market liquidity. This investment philosophy has delivered strong relative investment performance over the past one, three and five years across the Group's investment themes.

Overall, good progress was made this year against the Group's strategic growth objectives with positive developments in each of the three phases.

Phase 1

Broad-based AuM growth of 24%, with the majority of institutional net flows generated by existing clients, demonstrates that investors are underweight Emerging Markets and are actively addressing this in pursuit of higher risk-adjusted returns. Global benchmark weights for Emerging Markets will continue to increase from levels that are at least twice the typical investor's target allocation, and so the long-term growth opportunity remains substantial.

Phase 2

Diversification of the Group's client base continues against a backdrop of broad-based global demand. Ashmore has had a greater focus on the US market over the past three years and this has resulted in the Americas now being the largest source of client assets at 26% of AuM compared with 22% in 2016. In absolute terms, AuM has more than doubled over this period to approximately US$23 billion. As the world's largest pool of investable assets, the US will remain a focus for distributing the Group's products.

The Group's retail strategy is also delivering strong growth. In the year, AuM sourced through intermediaries in Asia, Europe and the US increased by 29% to US$12.7 billion or 15% of total AuM, with particular demand for short duration, local currency bonds and blended debt products. Over the past three years, intermediary retail AuM has increased in absolute terms by US$7.8 billion from US$4.9 billion.

Ashmore's seed investments support further product diversification and during the year it made new commitments of £108.3 million in a range of new and existing funds including a low volatility local currency bond fund, a blended debt ESG fund and a China bond fund. The total invested and committed seed capital now stands at nearly £300 million, and Ashmore has recognised profits of approximately £113 million over the life of the programme of which nearly half have been realised. An illustration of the commercial benefits of the actively-managed seed capital programme is the well-established short duration strategy, where US$60 million of initial seed investments in 2014 have led to a range of funds now managing US$8 billion for clients in the US, Europe and Asia.

Ashmore acquired a majority stake in a Colombian real estate business during the year, and the focus for the renamed AshmoreAVENIDA is now on expanding the real estate franchise in the Andean region and then more broadly in Emerging Markets.

The real estate acquisition demonstrates Ashmore's desire to increase AuM in the higher margin alternatives theme, providing diversification benefits and managing long-term investments in closed end funds.

Phase 3

An important source of Ashmore's long-term growth is mobilising Emerging Markets capital to invest both domestically and into other Emerging Markets. There was reasonable growth in Emerging Markets-sourced assets in the year with AuM increasing by 14% to nearly US$28 billion and representing 30% of Group AuM. The local asset management platforms represent a significant component of this phase and continue to develop as planned. For example, Indonesia increased its AuM by 20% over the year to US$2.0 billion and in total the local businesses now manage US$5.3 billion.

Operational delivery

Ashmore implements a straightforward business model that is delivering investment performance for clients, raising net new money, controlling operating costs across one global operating platform, deploying the Group's balance sheet selectively and has access to further significant organic growth. This also means it is well positioned to address the challenges facing the broader asset management industry and to continue to deliver value for stakeholders, including clients and shareholders.

Ashmore's active management philosophy has successfully delivered superior investment performance for clients; for example, the Group's main fixed income composites have generated between 150bps and 500bps of gross annualised alpha over three years. This, combined with the low level of indexation across fixed income and equity asset classes, means that the direct threat from passive substitutes is currently not significant. While this may change over the longer term as index representation increases, the allocation opportunity and continued delivery of returns through active management will mitigate the risk.

Ashmore's investment processes and fund structures have consistently had a rigorous focus on market and fund liquidity, an approach that has proven successful through many Emerging Markets cycles including recently in the 2013 to 2016 period. Ashmore's long history and specialist approach to investing in Emerging Markets means it has developed strong trading counterparty relationships, including critically in the key local markets where liquidity is increasingly found.

Brexit

Ashmore established an office in Ireland during the period, and following regulatory approval from the Central Bank of Ireland, this office is now fully operational. This addresses the risk associated with the most severe potential scenario, as it provides the Group with continued access to EU-based clients after the UK has left the EU and in the absence of any equivalence arrangements.

Culture

Ashmore maintains a collaborative, performance-based culture that is consistent with, and supportive of, its specialist focus on active management in Emerging Markets. The Group's long-standing remuneration philosophy ensures a strong alignment of interests between clients, shareholders and employees through market cycles, and results in low levels of employee turnover.

Shareholding

I announced in February 2019 that I have agreed with the Board to reduce my shareholding (currently 37.8%) to a more appropriate level over the medium term by selling up to 4% of Ashmore stock in the market each year. I also confirmed that I am committed as a significant executive shareholder, have no intention of seeking creeping control of Ashmore, wish to remain part of the Company's remuneration scheme like everyone else and will seek to ensure the continued successful development of the shareholder base as Ashmore's business grows.

Outlook

The Emerging Markets rally that began in early 2016 was interrupted briefly in 2018 as broad sentiment reflected specific challenges in Argentina and Turkey, together with a temporarily stronger US dollar. However, the underlying fundamentals – economics, politics and corporate earnings – continue to improve across the majority of Emerging Markets. In the first half of 2019, those positive characteristics reasserted themselves on asset prices and Emerging Markets delivered strong returns. Investors should therefore consider asset price volatility, such as that seen recently, as an opportunity for active management to exploit rather than simply risk.

The main risks to the current market environment centre on the US: the outlook for its economy and its trade policy. Ashmore's base case is for a further gradual slowing of US growth at this late stage of the business cycle, which would maintain downward pressure on the US dollar and support continued flows to Emerging Markets. However, a US recession or, less likely, consistently stronger US growth would affect investor sentiment and potentially change allocation decisions.

The aggressive US trade stance has created uncertainty and is beginning to affect growth, both domestically and in its partners such as China and Europe. While the diversity of Emerging Markets means there will be winners and losers under any given macro scenario, a continued US-led trade war is likely to affect sentiment broadly and result in further episodes of investor risk aversion.

Notwithstanding the positive performance over the past 12 months, the valuations available across Emerging Markets fixed income and equity asset classes are highly attractive in the context of their robust fundamental position and growth outlook. In the developed world, the main investment markets remain supported by central banks and the prospects for further substantial capital gains from these asset classes appear limited. Therefore, capital is likely to continue to flow to Emerging Markets as investors address their underweight positions in markets that offer substantial yield, growth and return opportunities. Ashmore is performing well, its business model continues to deliver, and it is well-positioned to benefit from the ongoing capital flows.

Mark Coombs
Chief Executive Officer

6 September 2019

Delivering long-term growth

Measure

Assets under management

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.

Investment performance

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

Assets under management

The Group's strategy seeks to capitalise on the growth trends across Emerging Markets. This is ultimately reflected in AuM growth over time.

Investment performance

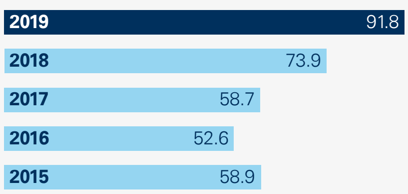
The Group's success is dependent on delivering investment performance for clients, who typically look at performance over the medium to long term.

Long-term performance

Assets under management

US$91.8bn

2018: US$73.9bn

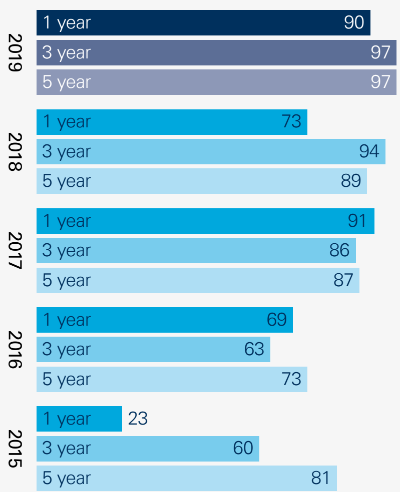


AuM increased by US$17.9 billion (+24%) comprising net inflows of US$10.7 billion, positive investment performance of U$6.9 billion and US$0.3 billion relating to an acquisition in Colombia. Average AuM increased by 16% to US$80.5 billion.

Investment performance (outperforming over three years)

97%

2018: 94%



Ashmore's investment processes have generated strong performance for clients over one, three and five years.

More information

Non-GAAP alternative performance measures are defined on page 31.

Five-year comparatives for other alternative performance measures are included in the five-year summary on page 157.

Adjusted EBITDA margin

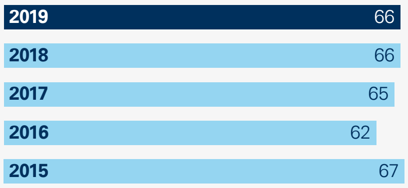
The adjusted EBITDA margin measures operating profit excluding depreciation and amortisation against net revenues. To provide a meaningful assessment of the Group's operating performance, the measure excludes foreign exchange translation and seed capital items.

Delivering a high profit margin demonstrates the Group's efficient and scalable global 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%

2018: 66%



The margin was maintained at 66%, reflecting 11% growth in adjusted net revenue and 10% growth in adjusted EBITDA. This delivered cash from operations excluding consolidated funds of £214.3 million, or 106% of adjusted EBITDA.

Diluted EPS

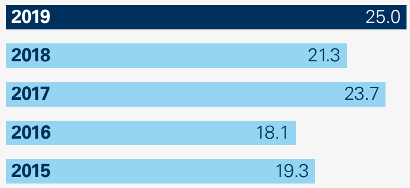
Profit attributable to equity holders of the parent divided by the weighted average of all dilutive potential ordinary shares.

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

25.0p

2018: 21.3p



The strong growth in operating profit together with a lower effective tax rate resulted in 18% growth in diluted earnings per share compared with the prior year.

Balance sheet strength

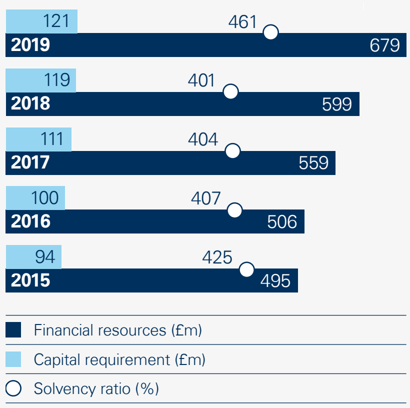
The Group maintains a strong balance sheet through the Emerging Markets cycle. This is measured by the total value of capital resources available to the Group, defined as capital and reserves attributable to equity holders of the parent less: goodwill and intangible assets, material holdings and foreseeable dividends. This is compared 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.

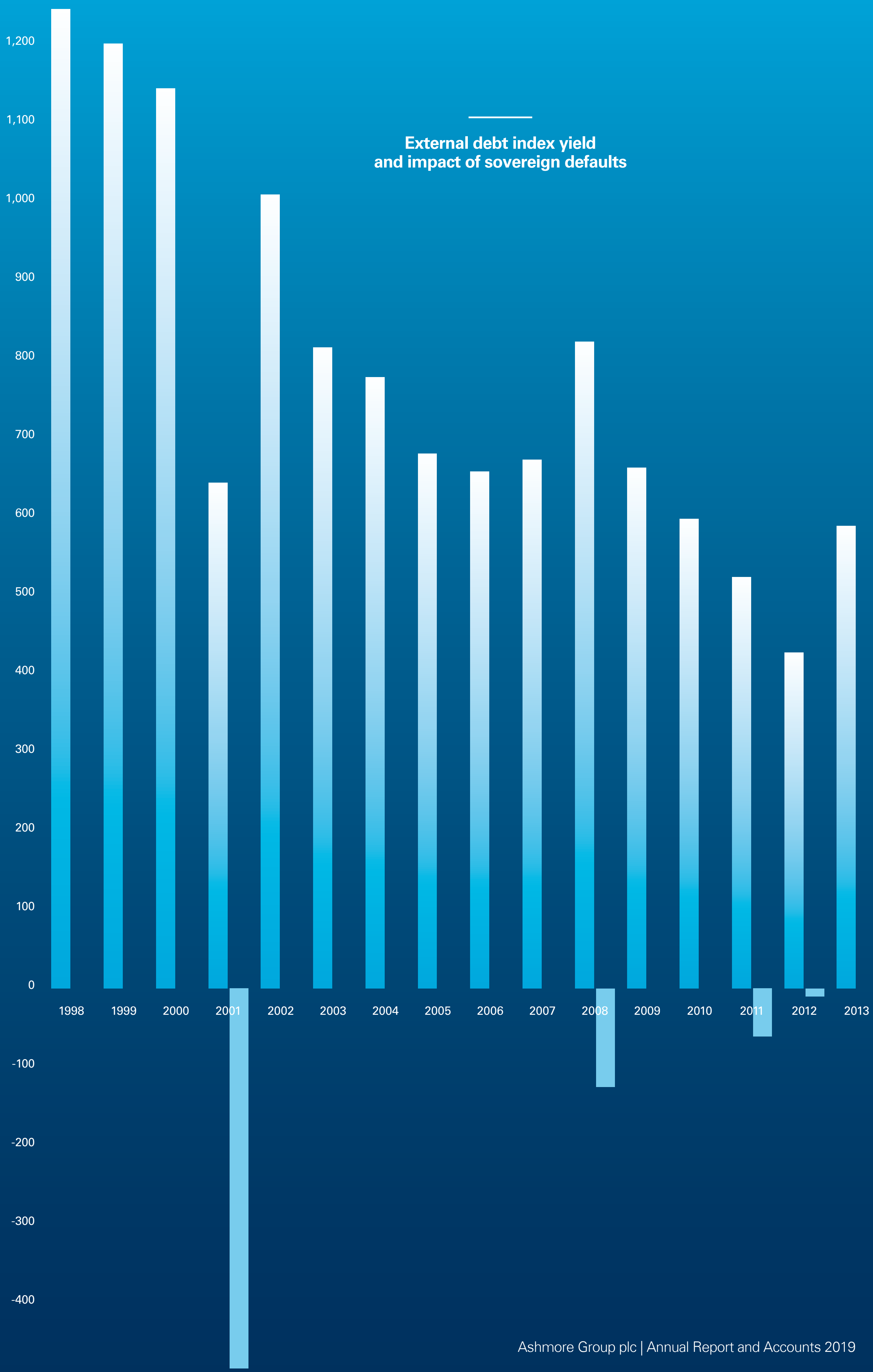
Solvency ratio

461%

2018: 401%



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


External debt index yield
and impact of sovereign defaults
1,200
1,100
1,000
900
800
700
600
500
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-300
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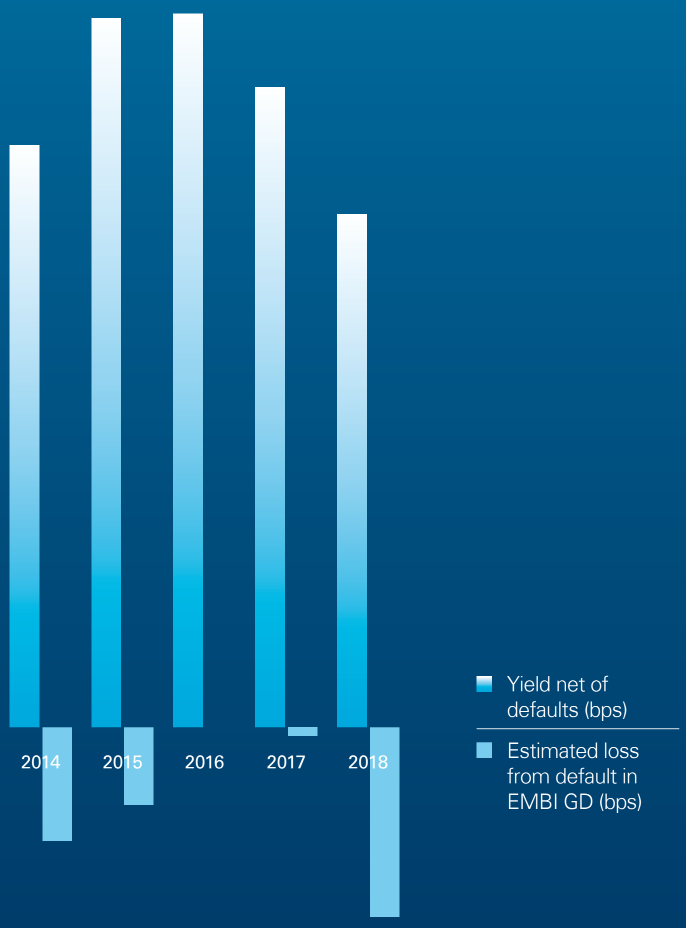
Strategic report
Governance
Financial statements

focus on markets

Ashmore's specialist, active approach exploits the inefficiencies of Emerging Markets to deliver superior performance for clients.



EMBI GD is the external debt benchmark index
Source: Ashmore, Bloomberg, JPMorgan, Moody's

- There is substantial absolute and relative value available across the diversified fixed income and equity asset classes. Nominal and real yields are significantly higher than for developed world bonds, and equities trade at wide discounts to Developed Markets despite a stronger growth outlook.
- Price volatility is not the same as default risk, and in inefficient markets the frequent mispricing of risk provides significant investment opportunities.
- The chart illustrates that investors in Emerging Markets sovereign external debt can access an attractive yield, even after taking into account losses arising through sovereign defaults.
- Ashmore recognises these market characteristics and, when combined with a deep understanding of fundamentals in Emerging Markets, its active investment management processes have delivered superior investment performance through market cycles.

Emerging Markets offer highly attractive investment opportunities given a strong fundamental backdrop, significant value across fixed income and equity markets, and long-term support from capital flows as investors address underweight allocations

The outperformance of Emerging Markets asset classes gathered momentum over the past 12 months as some of the market headwinds evident in the first half of calendar 2018 faded. The main fixed income asset classes delivered +9% to +12% over the year, with performance stronger in the second half. There was a similar performance pattern in equities, albeit that returns over the 12-month period were lower at +1% for large cap equities.

Emerging Markets are in good health at the aggregate level, supporting continued outperformance versus Developed Markets and putting the 2018 calendar year in context. In early 2018, sentiment towards Emerging Markets softened and caused an unjustified broad-based weakness in asset prices. In the second half of 2018, and continuing into 2019, the ongoing strength of these fundamentals was recognised by investors and Emerging Markets rallied.

Macro economics

The majority of Emerging Markets countries undertook a significant rebalancing process in the 2013 to 2016 period, which resulted in record low levels of inflation and much improved current accounts. Central banks have re-established foreign exchange reserves and, with relatively high nominal and real interest rates and little inflationary pressure, they have the capacity to provide monetary policy stimulus if required.

This favourable picture is reflected in economic growth expectations. For example, the IMF forecasts an expansion of the Emerging Markets growth premium versus the developed world, from less than 2% in 2018 to more than 3% in 2024. Historically, this growth differential has a high correlation with the performance of currencies and equities. Therefore the outlook for Emerging Markets FX is positive and the valuation of Emerging Markets equities is highly attractive at 12.5x prospective earnings, supporting continued capital flows.

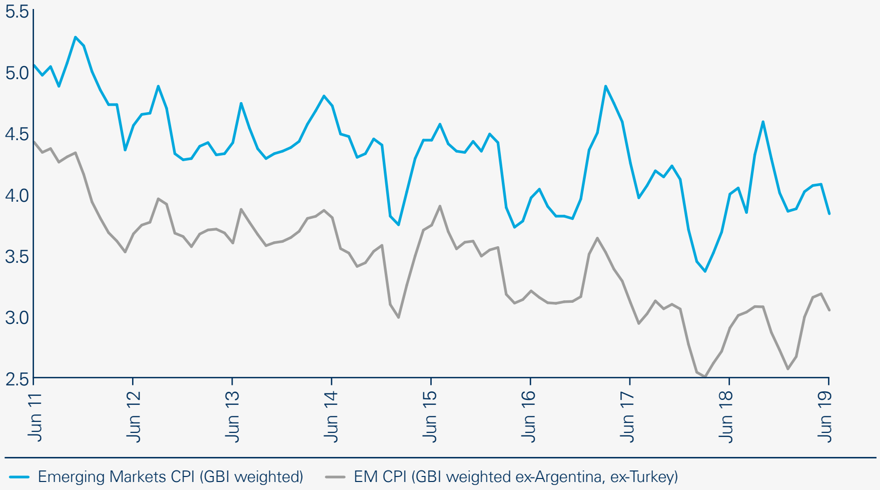
Politics

The past 12 months has seen a number of elections in some of the larger emerging countries such as Brazil, India, Indonesia and South Africa, as well as mid-term elections in the United States. The uncertainty typically associated with election outcomes, and consequent implications for policy, means that markets tend to be more volatile around these events. The focus of Ashmore's investment committees has always been diligent analysis and active management to identify attractive investment opportunities during election periods.

From a fundamental perspective, the quality of governance, the strength and stability of financial and political institutions, and an administration's propensity to reform are important, and can underpin GDP growth expectations. To varying degrees, these factors have been evident in the recent Emerging Markets electoral cycles.

There is a contrast that could be made with Developed Markets, particularly the political response to an economic downturn. The recent response in the developed world was to increase fiscal spending, issue more debt and resist reforms, which may have reduced the severity of the recession but undermined productivity and GDP growth. In contrast, Emerging Markets are able to make the required economic adjustments and pursue reforms, which may result in a relatively sharp economic contraction but can lead to stronger and more sustainable economic growth over time.

Low and falling inflation across Emerging Markets, %



Based on constituents of local currency (GBI-EM GD) index
Source: Ashmore

Inflation continues to be well-managed in Emerging Markets since price stability, alongside economic growth, is required by populations and therefore by politicians that wish to remain in office.

Central banks are now typically independent and are implementing more orthodox monetary policies to target inflation.

Lower inflation means that, despite the strong rally in Emerging Markets over the past three years, there remains significant value available. Real yields of more than 2% are attractive when considered either in absolute terms or relative to Developed Markets.

Development of the asset classes

Ashmore believes that approximately 150 countries can currently be considered 'emerging', of which around half have issued debt and approximately a quarter have investable equity markets. This means that the Emerging Markets asset classes are already highly diversified, but as countries grow and establish capital markets, there will be new issuance to continue the long-term trend.

The external debt asset class has a clear growth trajectory as countries tend to issue offshore in the first instance, until such time as domestic capital markets and local institutional investors can provide sufficient demand for local currency-denominated issuance.

The growth in scale and depth of local currency bond markets is an important development and following median annual growth of 20% over the past two decades, the value of bonds outstanding in the issuer's own currency is now nearly US$22 trillion or 82% of the total Emerging Markets fixed income universe. By itself, this local currency market is larger than the entire Emerging Markets fixed income universe of US$20 trillion just two years ago.

> "The level of indexation remains low and is a persistent inefficiency that can be exploited by active managers"

Investor positioning and allocations

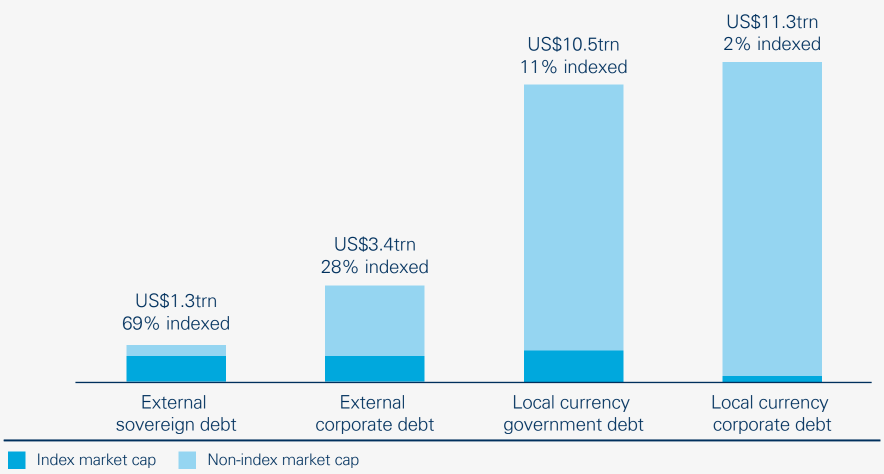
The typical developed world investor currently has a target allocation of less than 10% to Emerging Markets, whether in fixed income or equity portfolios. This is a significantly underweight position when the following factors are considered:

- 86% of the world's population resides in emerging nations;
- 59% of world GDP is generated by Emerging Markets;
- Emerging Markets have issued 23% of the world's bonds and account for 35% of equity market capitalisation;
- central banks in emerging countries control 76%, or US$8.7 trillion, of the world's foreign exchange reserves;
- average GDP per capita is US$12,500, a level seen in the developing world 35 years ago; and critically
- global benchmark indices include emerging countries with aggregative weights of between 15% and 20%.

This provides for a substantial longer-term growth opportunity as investors move towards neutral benchmark weights, and particularly considering that those benchmark weights are forecast to rise over time as capital markets in the emerging world continue to grow, deepen and become more accessible.

China is an important example of this trend for higher Emerging Markets index representation. In April 2019, Bloomberg included China in its Aggregate fixed income index and the country is expected to be included in both the FTSE World Government Bond Index (WGBI) and the JP Morgan GBI-EM GD local currency bond index in due course. A realistic estimate of the industry capital flows due to China's inclusion in these bond indices is US$500 billion.

Emerging Markets fixed income: primarily a local currency asset class and with poor index representation



Indexation based on benchmark indices calculated by JP Morgan and ICE
Source: Ashmore, BIS, JP Morgan, ICE

The Emerging Markets fixed income universe is large, comprising US$26.5 trillion of bonds as at end 2018. Significantly, 82% of this issuance is in local currencies, which means that emerging nations are no longer reliant upon foreign capital for funding.

The level of indexation remains low overall at just 12%, although it is higher in the longer-established external debt and corporate debt asset classes. This is a persistent inefficiency that can be exploited by active managers and which mitigates the threat of passive substitutes.

Not only is there a long-term growth opportunity through raising target allocations, but there is also a substantial near-term opportunity that reflects the fact that many investors are currently below their target allocations as a consequence of the following:

- In the 2013 to 2016 period, investors withdrew capital from the Emerging Markets to invest in a US economy that was believed to be set for stronger growth, or to hold sovereign debt in the European market where an absence of growth and inflation implied low interest rates for a long time.
- With the exception of a small number of early movers, investors naturally responded slowly to the recovery in Emerging Markets asset prices in 2016, partly to avoid the risk of a false dawn, but also because the US presidential election created some uncertainty.
- Allocations began to pick up meaningfully in 2017, but the global market volatility of early 2018 caused some investors to pause.

Hence, in 2019, the typical developed world investor has an allocation to Emerging Markets that is still below their target weight. The relative importance of Emerging Markets to the world economy, and the lack of credible value opportunities in the equivalent Developed Markets, means that the outlook for capital flows is positive as a consequence of ongoing reallocation activity and the longer-term increase in target allocations.

> "Against a backdrop of robust and improving economic and political fundamentals, there is substantial value available in both fixed income and equity markets"

Addressing challenges through active management

In an investable universe of more than 70 Emerging Markets countries, it is entirely normal that any given year will see a small number encounter difficulties, whether born of external factors or largely self-inflicted, as has been the case recently with Argentina and Turkey. Unlike 20 to 30 years ago, problems in a small number of emerging countries no longer lead to contagion and crises elsewhere. This reflects the development of stronger domestic institutions, higher quality policy making and, perhaps most importantly, the growth of a broad and diversified local currency asset class that means countries are no longer reliant upon foreign investors who may prove to be fickle.

Nonetheless, specialist active management can identify and deal with the country-specific challenges as they arise. That is not to say that investors need to avoid the 'problem' or 'bad' countries, but it is imperative to undertake research and fully analyse the situation to determine whether the particular challenges have been appropriately priced by markets. If not, then there is an opportunity to deliver alpha, and one that will not be available to a passive index investor.

Value

Against the backdrop of robust and improving fundamentals across Emerging Markets, such as rising GDP growth and falling inflation, and notwithstanding the strong returns delivered since 2016, there continues to be substantial value available in both fixed income and equity markets. For example, real yields in local currency bond markets are above 2%, significantly higher than the low of 1% seen in early 2013, and well in excess of the yield available on equivalent duration US Government bonds; external debt trades 345bps higher than the US market, more than twice the historical low despite the asset class continuing to grow and become more diversified; and equities trade at a significant 32% discount to developed world equity markets' earnings multiples but offer superior growth and return potential.

Mark-to-market price volatility is a source of value in Emerging Markets, and one that can be exploited by specialist active investment managers. Investors should therefore use such market conditions to add to positions that are supported by solid macro-economic or company-specific fundamentals.

In summary, the combination of underweight investor allocations, attractive valuations, and a supportive fundamental backdrop presents a positive outlook for returns in Emerging Markets, and periods of short-term price volatility provide opportunities to be exploited by active management.

Review by investment theme

External debt

After modest performance in the first six months of the year, sovereign hard currency debt rallied strongly in the second half to produce a +12.5% return for the 12-month period. This makes it the best performing of the Emerging Markets fixed income asset classes. While a more dovish Fed has helped in terms of providing support to the US Treasury market, external debt also performed strongly in periods when US rates were rising, with a total return of +10% in both 2016 and 2017 calendar years. Despite this recent positive performance, significant value remains available with an index spread of 345bps over US Treasuries.

Ashmore's external debt composite has returned +7.6% on a gross annualised basis over three years, representing significant outperformance against the benchmark index return of +5.5%.

The asset class is highly diversified and continues to expand, with the number of countries in the EMBI GD index increasing from 67 to 73 including the addition of five GCC countries (Saudi Arabia, Qatar, United Arab Emirates, Bahrain and Kuwait).

Local currency

Local currency bonds performed well over the 12 months with the index returning +9.0%. This reflects solid domestic economic fundamentals and provides an underpin to currencies.

Active management, particularly of FX risk, has enabled Ashmore's local currency bonds composite to deliver gross annualised returns of +5.7% over the past three years, in excess of the GBI-EM GD benchmark index return of +4.2%.

Local currency bonds offer attractive real yields of 2% to 3% at the index level and benefit from the appreciation of currencies as issuer nations continue to grow and develop. For investors with allocations historically biased to US dollars, Ashmore believes there is an imperative to diversify currency exposure, including to local currency assets, as it expects the US to pursue a 'weak dollar' policy framework over the longer term in order to address the economy's over-indebtedness and productivity challenges.

Corporate debt

The CEMBI BD benchmark index also delivered a strong return of +10.2% over the period, outperforming the US corporate high yield (HY) market, which returned +7.1%.

Over the past three years, Ashmore's main corporate debt composite has delivered gross annualised returns of +10.5%, well ahead of the benchmark index return of +5.5%. The short duration strategy, which has seen strong demand from intermediary retail clients and, increasingly, from institutional investors, has delivered gross annualised returns of +9.6% over three years compared with +4.0% for its benchmark index.

The Emerging Markets corporate HY default rate of 0.7% is a third of the US HY default rate of 2.1%, and well below its long-run average of 3.4%. Further comparison with the US market brings into sharp relief the value available in Emerging Markets corporate debt: the CEMBI BD index yields 7%, more than 100bps higher than the US HY index, it includes issuers in 51 countries and, at the aggregate level, Emerging Markets corporates have more than a turn lower net leverage than US companies (2.5x versus 3.6x).

Blended debt

The standard blended debt benchmark (50% external debt, 25% local currency bonds, 25% EM FX) returned +9.4% over the past 12 months, reflecting the strong performance of the constituent asset classes as described above.

There are significant differences in the drivers of market performance for each of the distinct fixed income asset classes, leading to a wide dispersion of returns. This means that, over the past 15 years, the average annual difference between the best and worst performing asset classes has been more than 1000bps, with a minimum difference of 450bps.

Ashmore's blended debt investment process therefore incorporates a deep understanding of the characteristics of each of the underlying asset classes, with track records extending back to 1992, and it actively exploits relative value investment opportunities. This approach has delivered consistently strong returns for clients since the blended debt theme was established in 2003.

Over the past three years, Ashmore's blended debt composite has produced gross annualised returns of +7.5% compared with +4.6% for the standard benchmark.

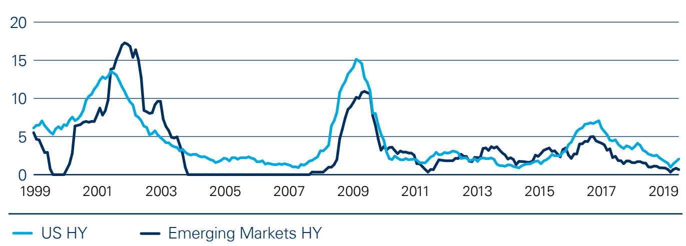
Equities

While global equity markets were weak in the first six months of the year, a strong rally in Emerging Markets equities in the second half meant that the MSCI EM index rose by+1.2% over the year and the MSCI Frontier Markets index rose by +4.9%. Small cap equities performed less well and the MSCI EM Small Cap index fell by -5.1% over the period.

Ashmore's equities investment committees manage a diverse range of strategies including all-cap global Emerging Markets, specialist products such as Frontier Markets, and single country funds. The active approach combines a deep macro knowledge born of a long and specialist focus on Emerging Markets with rigorous fundamental company analysis. The committees operate independently but Ashmore's distinctive team-based culture ensures there is a consistent and collaborative approach followed by the equities investment professionals and their colleagues in the sovereign and corporate credit fixed income teams.

Ashmore's active style continues to deliver strong investment performance. For example, the all cap active equity composite has returned +14.7% on a gross annualised basis over three years compared with +10.7% for its benchmark MSCI EM index; and the global small cap composite has returned +6.4% versus +5.5% for its MSCI EM Small Cap benchmark index.

Corporate debt default rates, %



Source: Ashmore, BAML

Diversified investment themes with significant growth opportunities

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

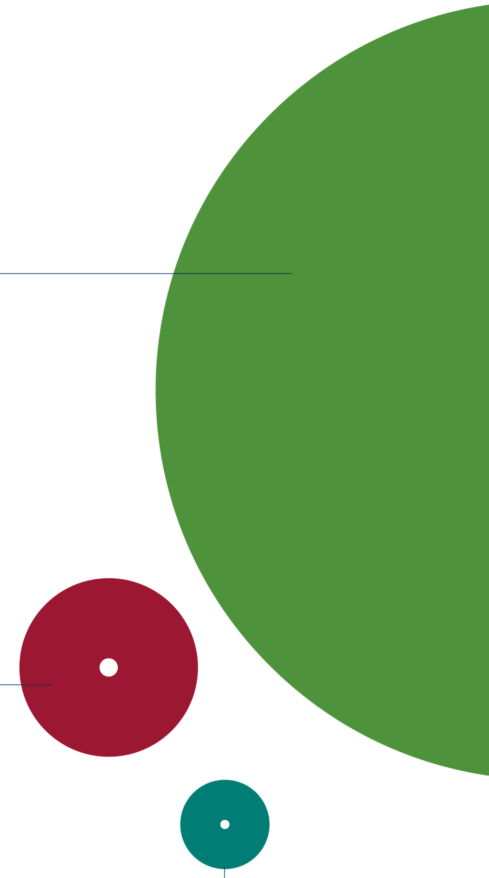
During this time it has established a diversified range of eight headline investment themes with focused strategies under each theme delivering Emerging Markets exposures in, for example, global or specific regional or country funds, as well as dedicated investment grade and high yield products.

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 provides investors with access to new investment strategies as Emerging Markets continue to develop.

Blended debt

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

First fund:	2003
Theme AuM:	US$24.3bn
Size of universe:	US$26.5trn



Equities

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

First fund:	1988
Theme AuM:	US$4.4bn
Size of universe:	US$24.5trn

Alternatives

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

First fund:	1998
Theme AuM:	US$1.6bn

Multi-asset

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

First fund:	2000
Theme AuM:	US$0.5bn
Size of universe:	US$51.0trn

Local currency

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

First fund:	1997
Theme AuM:	US$19.7bn
Size of universe:	US$10.5trn

Corporate debt

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

First fund:	2007
Theme AuM:	US$15.5bn
Size of universe:	US$14.7trn

Overlay/liquidity

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

First fund:	2007
Theme AuM:	US$6.7bn

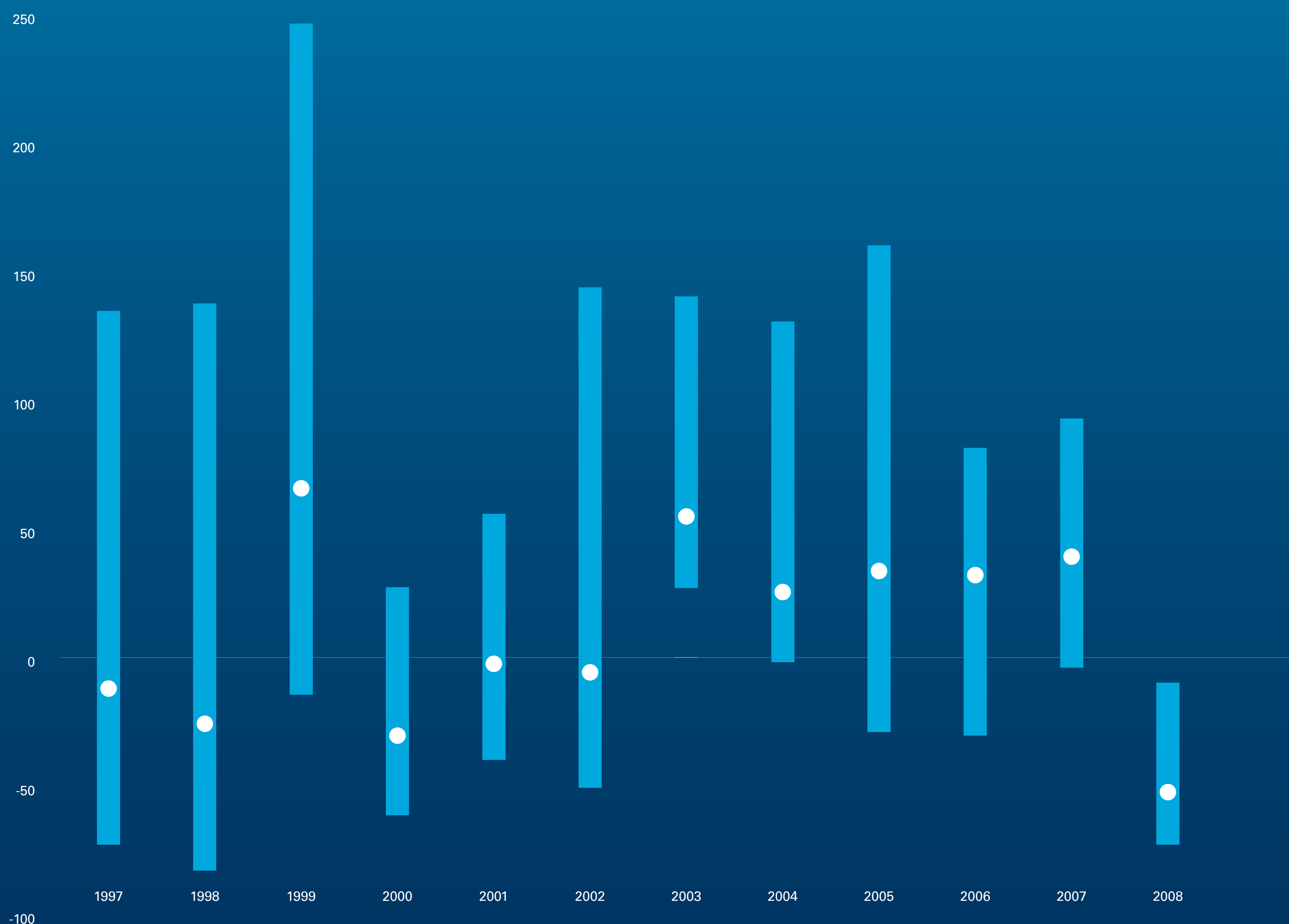
External debt

Invests in debt instruments issued by sovereigns and quasi-sovereigns and denominated in foreign currencies.

First fund:	1992
Theme AuM:	US$19.1bn
Size of universe:	US$1.3trn

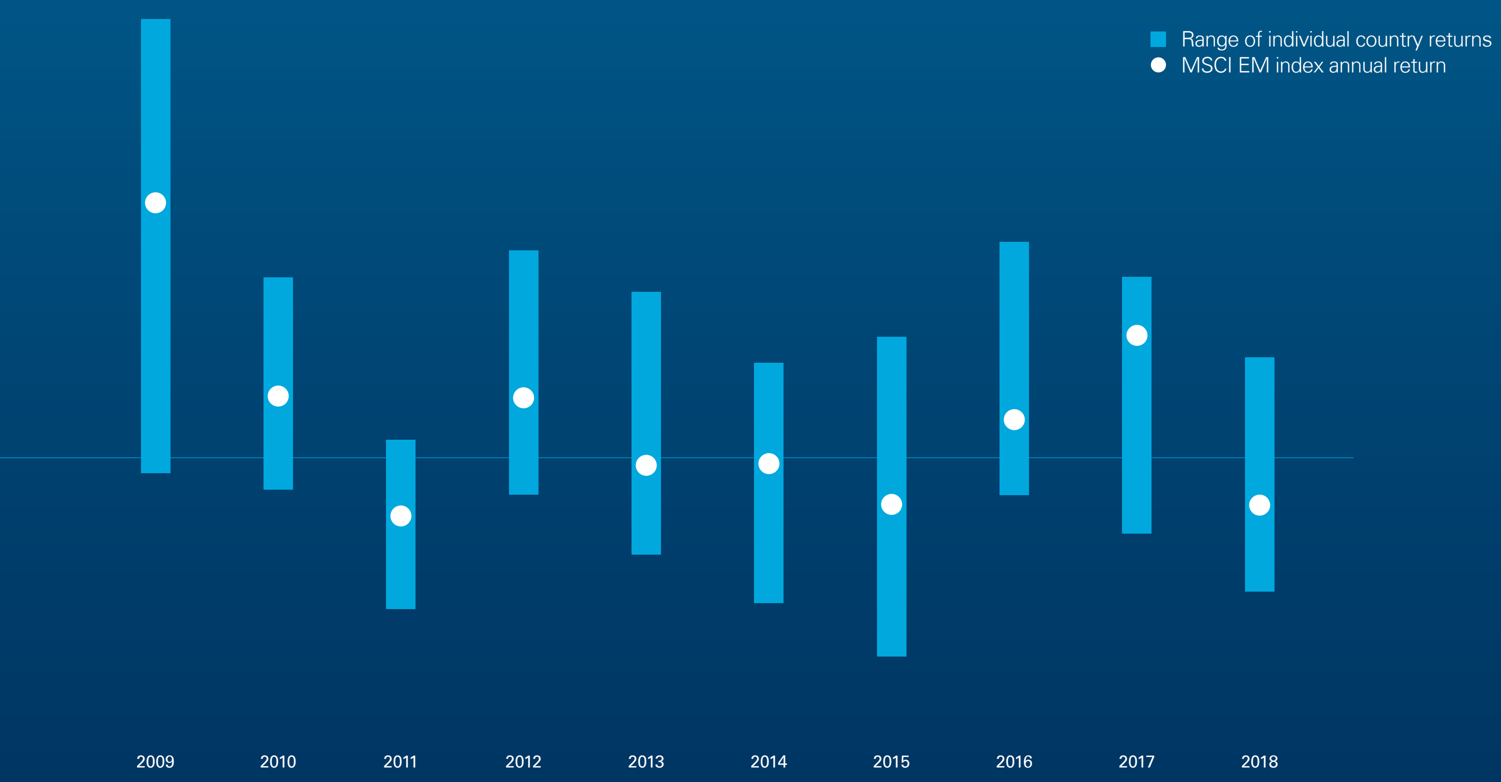
focus on process

Diverse asset classes offer a wide range of annual returns around the performance of a simple benchmark index



Emerging Markets offer a hugely diverse range of investment opportunities. Historical and potential investment returns are high, and with a wide range around simple benchmark index performance. This means Ashmore's active investment processes have access to significant sources of alpha across a wide range of fixed income and equity markets.

- Ashmore has followed a consistent active investment approach since 1992, combining a deep understanding of Emerging Markets with rigorous analysis and a focus on understanding and managing liquidity.
- The Group's dedicated specialist investment teams comprise 95 investment professionals who collaborate and determine portfolio composition within investment committee structures.
- Fixed income and equity investment committees operate independently but also interact, for example through macro top-down risk management and bottom-up company and credit analysis.
- Ashmore's local investment teams in countries such as Colombia, Indonesia, India and Saudi Arabia manage domestic and single-country funds, and interact with global investment teams for mutual benefit.



Ashmore delivered a strong financial performance in the year with a 24% increase in AuM, 11% growth in adjusted net revenue and 10% growth in adjusted EBITDA.

Diluted EPS increased by 18% and the Group's balance sheet remains liquid and well-capitalised with capital resources of £678.6 million and excess regulatory capital of £557.6 million.

Assets under management

AuM increased 24%, or US$17.9 billion, to US$91.8 billion, driven by net inflows of US$10.7 billion and market performance of US$6.9 billion. Average assets under management increased by 16% to US$80.5 billion (FY2017/18: US$69.2 billion).

Gross subscriptions of US$23.7 billion represent 32% of opening AuM (FY2017/18: US$30.0 billion, 51%). Gross redemptions of US$13.1 billion were unchanged in absolute terms compared with the prior year but reduced to 18% of opening AuM (FY2017/18: 22%), which demonstrates the increasing longevity of the Group's client relationships.

Investment performance added US$6.9 billion to AuM, nearly all of which was delivered in the second half as markets rallied and Ashmore's active investment processes delivered strong absolute and relative performance. The acquisition of a real estate business based in Colombia added US$0.3 billion to AuM in the alternatives theme.

Institutional subscriptions were broadly based across the US, Europe and Asia with pension funds and insurance clients particularly active in all three geographies. The majority of gross and net flows came from clients increasing allocations through existing or new accounts, in many cases by significant amounts. New client wins were concentrated in the local currency, blended debt, equities and corporate debt themes.

There was ongoing strong demand from intermediary retail clients in all three regions and there continues to be distinct product preferences, with short duration and blended debt strategies popular in both the US and Europe. The local currency bond funds also experienced good net flows in the period from European clients.

Redemptions are running at a normal level for this part of the cycle with no particular patterns by client type, geography or investment theme. In absolute terms, the level of redemptions has been stable for the past three years, but this represents a declining proportion of each period's opening assets under management and therefore increased client longevity.

Net flows were broadly spread by institutional client type, and intermediary retail channels delivered US$2.0 billion, or 19% of total net flows for the period.

Investor profile

AuM growth this year was balanced across the institutional and intermediary retail franchises globally, however the Group's increased distribution focus on the US over the past three years has resulted in the Americas becoming the largest source of client AuM, as shown on page 28.

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, personnel 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 31.

£m	FY2018/19 Reported	Reclassification of: Seed capital-related items	Reclassification of: Foreign exchange translation	FY2018/19 Adjusted	FY2017/18 Adjusted
Management fees net of distribution costs	**294.3**	–	–	**294.3**	250.5
Performance fees	**2.8**	–	–	**2.8**	21.9
Other revenue	**5.9**	–	–	**5.9**	4.1
Foreign exchange	**11.3**	–	(6.2)	**5.1**	1.8
Net revenue	**314.3**	–	(6.2)	**308.1**	278.3
Investment securities	**0.5**	(0.5)	–	**–**	–
Third-party interests	**3.8**	(3.8)	–	**–**	–
Personnel expenses	**(84.2)**	–	1.4	**(82.8)**	(73.2)
Other expenses excluding depreciation & amortisation	**(26.8)**	3.3	–	**(23.5)**	(21.5)
EBITDA	**207.6**	(1.0)	(4.8)	**201.8**	183.6
EBITDA margin	***66%***	–	–	***66%***	*66%*
Depreciation & amortisation	**(4.8)**	–	–	**(4.8)**	(5.0)
Operating profit	**202.8**	(1.0)	(4.8)	**197.0**	178.6
Net finance income/expense	**17.4**	(9.7)	–	**7.7**	4.6
Associates & joint ventures	**(0.3)**	–	–	**(0.3)**	(0.4)
Seed capital-related items	**–**	10.7	–	**10.7**	10.1
Profit before tax excluding FX translation	**219.9**	–	(4.8)	**215.1**	192.9
Foreign exchange translation	**–**	–	4.8	**4.8**	(1.6)
Profit before tax	**219.9**	–	–	**219.9**	191.3

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 2018 US$bn	Performance US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	Reclassifications / other US$bn	**AuM 30 June 2019 US$bn**
External debt	14.5	1.9	4.1	(1.7)	2.4	0.3	**19.1**
Local currency	17.0	1.6	4.1	(1.8)	2.3	(1.2)	**19.7**
Corporate debt	9.8	0.9	8.1	(3.3)	4.8	–	**15.5**
Blended debt	19.7	2.2	3.6	(2.4)	1.2	1.2	**24.3**
Equities	4.2	0.3	1.5	(1.9)	(0.4)	0.3	**4.4**
Alternatives	1.5	(0.1)	0.1	(0.2)	(0.1)	0.3	**1.6**
Multi-asset	1.0	0.1	0.1	(0.1)	–	(0.6)	**0.5**
Overlay/liquidity	6.2	–	2.1	(1.6)	0.5	–	**6.7**
Total	**73.9**	**6.9**	**23.7**	**(13.0)**	**10.7**	**0.3**	**91.8**

Segregated accounts including white-labelled funds represent 66% of AuM (30 June 2018: 68%), the lower proportion being a consequence of the strong intermediary retail flows into mutual funds in the year.

Ashmore's global mutual fund platforms in Europe and the US experienced strong client demand in the period and AuM increased by 43%. The SICAV range of 30 funds increased AuM by 38% to US$19.6 billion at 30 June 2019 (30 June 2018: US$14.2 billion in 26 funds), with growth driven by short duration, blended debt and local currency bonds strategies. The US 40-Act range of eight funds increased AuM by 74% to US$3.7 billion (30 June 2018: US$2.1 billion in eight funds), with growth delivered in particular through the short duration and blended debt funds.

Assets sourced through intermediary retail channels increased from 14% to 15% of the Group's AuM with institutional clients now representing 85% of AuM.

In total, 30% of the Group's AuM has been sourced from clients domiciled in Emerging Markets.

AuM as invested

The charts on page 28 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 remains well diversified with 41% invested in Latin America, 21% in Asia Pacific, 16% in the Middle East and Africa, and 21% in Eastern Europe.

Financial review

Revenues

Net revenue increased by 14% to £314.3 million (FY2017/18: £276.3 million) driven by 17% growth in net management fee income and higher foreign exchange translation revenues partially offset by lower performance fees compared with the prior year. Adjusted net revenue, excluding foreign exchange translation, grew by 11% to £308.1 million.

Growth in average AuM of 16% resulted in net management fee income increasing by 17% from £250.5 million to £294.3 million. The GBP:USD exchange rate moved favourably over the year with an average rate of 1.2958 compared with 1.3464 in FY2017/18. Distribution costs of £13.3 million were higher than the prior year (FY2017/18: £9.2 million) as a consequence of the growth in intermediary retail AuM.

The net management fee margin was 48bps (FY2017/18: 49bps) with the movement reflecting the impact of new large mandates and incremental allocations to existing large segregated accounts (-1.5bps) largely offset by positive mix effects (+1bp), particularly the growth in higher margin corporate debt and alternatives AuM, and the increase in intermediary retail AuM. Other factors, such as sub-theme mix and competition, had an estimated combined impact of -0.5bps.

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 FY2018/19 £m**	Net management fees FY2017/18 £m	**Performance fees FY2018/19 £m**	Performance fees FY2017/18 £m	**Net management fee margin FY2018/19 bps**	Net management fee margin FY2017/18 bps
External debt	**55.1**	50.7	**0.5**	3.1	**44**	46
Local currency	**54.2**	46.6	**0.8**	12.9	**39**	42
Corporate debt	**51.9**	35.8	**0.2**	0.9	**56**	59
Blended debt	**81.2**	68.2	**1.0**	4.7	**49**	49
Equities	**25.1**	23.3	**–**	0.1	**76**	81
Alternatives	**15.1**	12.3	**0.3**	–	**129**	131
Multi-asset	**4.3**	6.4	**–**	0.2	**77**	74
Overlay/liquidity	**7.4**	7.2	**–**	–	**16**	17
Total	**294.3**	250.5	**2.8**	21.9	**48**	49

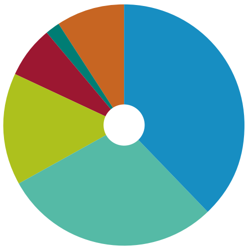
AuM classified by mandate 2018 (%)

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

AuM classified by mandate 2019 (%)

External debt	21
Local currency	21
Corporate debt	17
Blended debt	26
Equities	5
Alternatives	2
Multi-asset	1
Overlay/liquidity	7

AuM as invested 2018 (%)

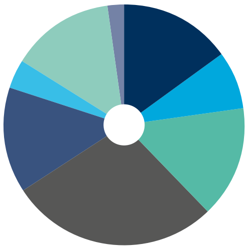


External debt	38
Local currency	29
Corporate debt	15
Equities	7
Alternatives	2
Overlay/liquidity	9

AuM as invested 2019 (%)

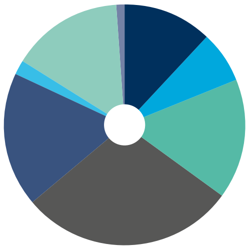
External debt	39
Local currency	29
Corporate debt	17
Equities	5
Alternatives	2
Overlay/liquidity	8

AuM by investor type 2018 (%)



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

AuM by investor type 2019 (%)



Central banks	12
Sovereign wealth funds	7
Governments	16
Pension plans	29
Corporates/financial institutions	18
Funds/sub-advisers	2
Intermediary retail	15
Foundations/endowments	1

AuM by investor geography 2018 (%)

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

AuM by investor geography 2019 (%)

Americas	26
Europe ex UK	25
UK	9
Middle East and Africa	17
Asia Pacific	23

The Group generated performance fees of £2.8 million in the year (FY2017/18: £21.9 million), the lower level reflecting weaker market performance in the first six months of the financial year when most of the performance fee-eligible funds have fee crystallisation dates. At 30 June 2019, 14% of the Group's AuM was eligible to earn performance fees (30 June 2018: 13%) of which a significant proportion is subject to rebate agreements. The Group continues to expect its diverse sources of net management fee income to generate the substantial majority of its net revenues going forward.

The impact of stronger currencies against Sterling on the translation of the Group's non-Sterling assets and liabilities at the period end resulted in a foreign exchange gain of £6.2 million (FY2017/18: £2.0 million loss). The Group recognised net realised and unrealised hedging gains of £5.1 million (FY2017/18: £1.8 million gain) to give a total foreign exchange gain in revenues of £11.3 million (FY2017/18: £0.2 million loss).

The growth in other revenue to £5.9 million (FY2017/18: £4.1 million) reflects higher levels of fees including those relating to real estate projects managed by AshmoreAVENIDA.

Operating costs

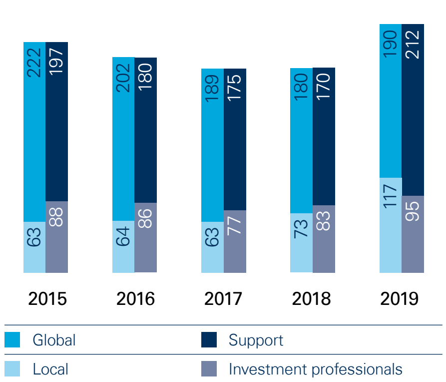
Total operating costs of £115.8 million (FY2017/18: £100.4 million) include £3.3 million (FY2017/18: £1.1 million) of consolidated fund expenses.

Excluding these costs, statutory operating expenses increased by 13%, or £13.2 million, compared with the prior year.

Year end headcount

307

2018: 253



This movement comprises: £9.1 million of variable remuneration consistent with Ashmore's strong operating and financial performance this year; the AshmoreAVENIDA acquisition that added £2.8 million; and like-for-like inflation of £1.3 million primarily reflecting foreign exchange translation as Sterling fell over the period.

At 30 June 2019, the Group had 307 employees, an increase of 54 compared with 30 June 2018. The acquisition of AshmoreAVENIDA added 42 employees, of whom 23 are involved in investment management operations and 19 are employed in roles relating to the various aspects of real estate project management. In total, therefore, the Group has 288 employees involved in investment management-related activities. The remaining increase in headcount mainly relates to the establishment of the Group's office in Ireland and small increases in headcount in the local platforms.

While average headcount increased by 16%, fixed staff costs of £26.5 million were only 10% higher than the prior year given the nature of the acquired business in Colombia.

Other operating costs, excluding depreciation, amortisation and consolidated fund expenses, increased by 9% to £23.5 million (FY2017/18: £21.5 million), reflecting the AshmoreAVENIDA acquisition, the office in Ireland and the full year impact of MiFID II.

The accrual for variable compensation was £57.7 million, an increase of 19% compared with the prior year (FY2017/18: £48.6 million), and representing 22.5% of EBVCIT (FY2017/18: 21.5%).

Total personnel expenses for the financial year were therefore £84.2 million, 16% higher than the £72.8 million reported for the prior year.

EBITDA

EBITDA increased by 14% to £207.6 million (FY2017/18: £181.5 million). On an adjusted basis, excluding the effects of foreign exchange translation and seed capital-related items, EBITDA increased by 10% from £183.6 million to £201.8 million.

The adjusted EBITDA margin was maintained at 66%.

Finance income

Net finance income of £17.4 million includes seed capital-related items totalling £10.7 million. Excluding these items, the Group's net interest income for the period increased to £7.7 million (FY2017/18: £4.6 million), reflecting higher prevailing market interest rates.

Profit before tax

Statutory profit before tax of £219.9 million is 15% higher than in the prior year primarily as a result of the strong growth in net revenues and limited cost inflation.

Taxation

The majority of the Group's profit is subject to UK taxation. Of the total current tax charge for the financial year of £41.8 million (FY2017/18: £38.2 million), £36.3 million relates to UK corporation tax (FY2017/18: £30.3 million).

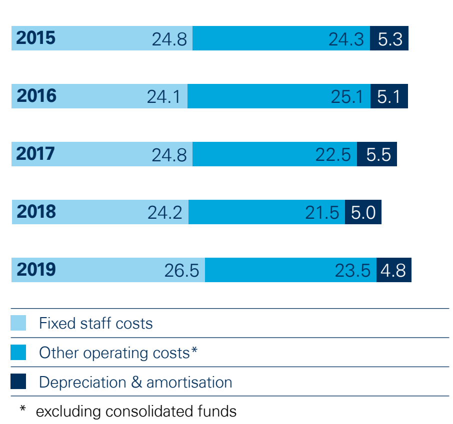
There is a £21.8 million net deferred tax asset on the Group's balance sheet as at 30 June 2019 (30 June 2018: £18.5 million), which arises principally as a result of timing differences in the recognition of the accounting expense and actual tax deduction in connection with i) share-based payments and ii) goodwill and intangibles arising on the acquisition of Ashmore's equity business.

The Group's effective tax rate for the year is 17.5%, which is slightly lower than the prevailing UK corporation tax rate of 19.0% (FY2017/18: 19.8%). 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.

Operating costs excluding variable remuneration

£54.8m

2018: £50.7m



Earnings per share

Reflecting the strong growth in profit before tax and a lower effective tax rate compared with the prior year, basic earnings per share increased by 18% to 26.6 pence. On a diluted basis, earnings per share increased by 18% to 25.0 pence. Excluding the effects of foreign exchange translation, seed capital-related items and relevant tax, diluted earnings per share increased by 15% to 23.4 pence (FY2017/18: 20.3 pence).

Balance sheet

Ashmore's strategy 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 local asset management ventures, seeding and investing in funds and other assets, and other strategic initiatives.

Consistent with this approach, as at 30 June 2019, total equity attributable to shareholders of the parent was £843.2 million (30 June 2018: £759.2 million) and there continues to be no debt on the Group's balance sheet.

Cash

Ashmore's business model consistently converts operating profits to cash at a high rate. The Group generated cash of £219.6 million before working capital changes (FY2017/18: £213.5 million) and £211.2 million of cash from operations (FY2017/18: £206.6 million) from operating profit of £202.8 million for the period (FY2017/18: £176.5 million). On an adjusted basis, EBITDA of £201.8 million resulted in cash from operations excluding consolidated funds of £214.3 million, a conversion rate of 106% (FY2017/18: 114%).

Cash and cash equivalents by currency

	30 June 2019 £m	30 June 2018 £m
Sterling	**157.8**	77.2
US dollar	**269.5**	322.9
Other	**49.9**	32.9
Total	**477.2**	433.0

Active management of the Group's balance sheet as the GBP:USD rate fell resulted in a higher proportion of the Group's cash being held in Sterling at the period end.

Financial impact of seed capital investments

	FY2018/19 £m	FY2017/18 £m
Consolidated funds (note 20):		
Gains/(losses) on investment securities	**0.5**	3.0
Change in third-party interests in consolidated funds	**3.8**	(2.4)
Operating costs	**(3.3)**	(1.1)
Interest and dividend income	**5.5**	5.1
Sub-total: consolidated funds	**6.5**	4.6
Unconsolidated funds (note 8):		
Market return	**3.3**	9.4
Foreign exchange	**0.9**	(3.9)
Sub-total: unconsolidated funds	**4.2**	5.5
Total seed capital profit/(loss)	**10.7**	10.1
– realised	**2.4**	5.0
– unrealised	**8.3**	5.1

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 16%, or more than US$14 billion, of the Group's AuM are in funds that have been seeded.

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

During the financial year, the Group made new seed investments of £108.3 million and successfully redeemed £77.8 million of previous investments. Given positive market movements of £19.0 million, the market value of the Group's seed capital investments increased from £228.3 million to £277.8 million. Ashmore has also committed £21.2 million of seed capital to funds that was undrawn at the period end, giving a total committed value for the seed capital programme of £299.0 million.

The seed investments made during the year were across a broad range of new products, such as a low volatility local currency bond, blended debt ESG and China bond funds, and also to add scale to existing products in the corporate debt and equities themes. Redemptions were focused on the alternatives and corporate debt themes.

The investment cost of the Group's current seed capital investments is £234.7 million (30 June 2018: £195.3 million), representing 31% of Group net tangible equity (30 June 2018: 29%).

Seed capital market value by currency

	30 June 2019 £m	30 June 2018 £m
US dollar	**250.7**	203.9
Colombian peso	**14.8**	13.6
Other	**12.3**	10.8
Total	**277.8**	228.3

Excluding the benefit of third-party management fees generated from seeded funds, the seed capital programme generated a pre-tax profit of £10.7 million for the year (FY2017/18: £10.1 million), comprising positive market and other movements of £9.8 million and a foreign exchange translation gain of £0.9 million (FY2017/18: £14.0 million gain and £3.9 million loss, respectively). The realised gain was £2.4 million (FY2017/18: £5.0 million).

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.

Goodwill and intangible assets

At 30 June 2019, goodwill and intangible assets on the Group's balance sheet totalled £87.3 million (30 June 2018: £74.2 million). The movement reflects an amortisation charge of £4.1 million (FY2017/18: £4.3 million), a foreign exchange revaluation gain through reserves of £3.4 million (FY2017/18: £1.4 million loss), and goodwill and intangible assets arising on the AshmoreAVENIDA acquisition of £13.8 million.

Shares held by Employee Benefit Trust (EBT)

The Group's EBT purchases and holds shares in anticipation of the vesting of share awards. At 30 June 2019, the EBT owned 40,355,103 ordinary shares (30 June 2018: 36,679,643 ordinary shares), representing 5.7% of the Group's issued share capital (30 June 2018: 5.2%). On 10 September 2018, the Group transferred 5,368,331 ordinary shares to the EBT that were previously held in treasury. This transfer had no impact on the diluted weighted average share count.

Regulatory capital

Ashmore is 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 £121.0 million (30 June 2018: £119.5 million).

The Group has total capital resources of £678.6 million, equivalent to 95 pence per share, giving a solvency ratio of 461% and excess regulatory capital of £557.6 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 the 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 performance during the period, and consistent with the stated intention to re-establish dividend cover of at least 1.5 times statutory earnings, the Directors are recommending a final dividend of 12.10 pence per share for the year ending 30 June 2019, which, subject to shareholder approval, will be paid on 6 December 2019 to shareholders who are on the register on 1 November 2019.

Tom Shippey
Group Finance Director

6 September 2019

Alternative performance measures

Ashmore discloses non-GAAP financial alternative performance measures in order to assist shareholders' understanding of the operational performance of the Group during the accounting period. The calculation of APMs is consistent with the prior year period and unless otherwise stated reconciliations to statutory IFRS results are provided in the Business review. Historical reconciliations of APMs to statutory IFRS results can be found in the respective annual reports and accounts.

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. The charge for variable compensation is a component of personnel expenses.

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 operating performance of the business before certain non-cash items, finance income and charges, and taxation.

Adjusted net revenue, adjusted operating costs and adjusted EBITDA

Adjusted figures exclude items relating to foreign exchange translation and seed capital. This provides a better understanding of the Group's operational performance 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 adjusted net revenue, both of which are defined above. This is an appropriate measure of the Group's operational efficiency and its ability to generate returns for shareholders.

Conversion of operating profits to cash

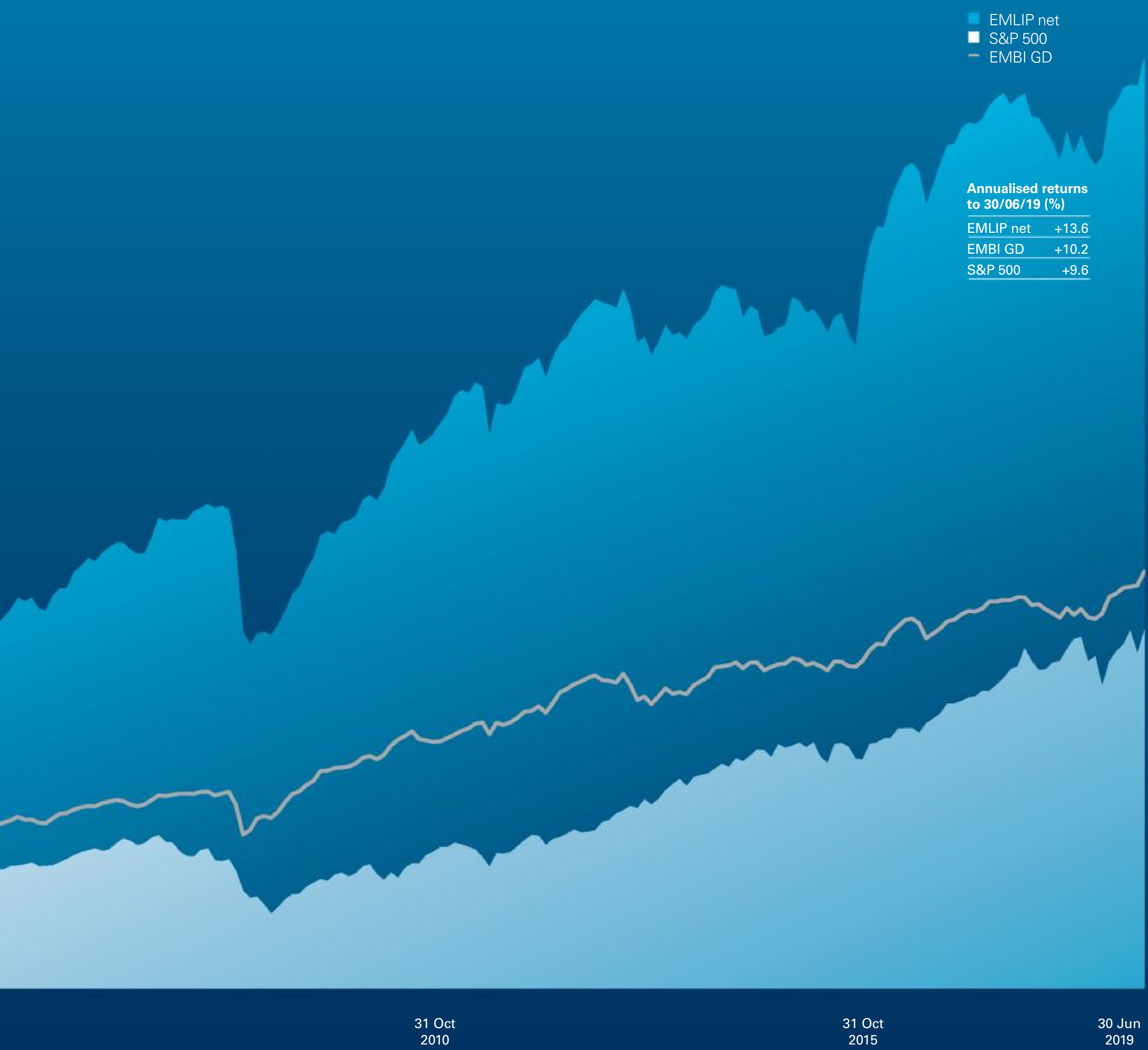
This compares adjusted EBITDA to cash generated from operations excluding consolidated funds, and is a measure of the effectiveness of the Group's operations at converting profits to cash.

focus on outperformance

Monthly returns, indexed:
Oct 1992 = 100

The performance of Ashmore's EMLIP fund since its launch in 1992 demonstrates the benefits of a specialist active approach to investment management in Emerging Markets.

- The delivery of consistent and superior investment performance for clients is Ashmore's primary focus.
- A total of 95 investment professionals participate in investment committees covering the Group's eight dedicated Emerging Markets investment themes.
- The investment track record is strong with 90% of AuM outperforming over one year, and 97% over three and five years.



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 6-7

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 8-9

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 53-61

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 38-39

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 Head of Middle Office and IT
Group Finance Director	Group Head of Human Resources
Group Head of Compliance	Group Head of Finance
Group Head of Legal and Transaction Management	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 over-arching 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 emerging and 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 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 each such individual 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 for monitoring the Group's business and its performance.

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

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.

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 incorporates a Board-approved strategy with objectives;
- a risk appetite framework engages 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;
- senior management focuses on understanding the information that is currently publicly available on the Group, the Board and its senior client facing staff, especially that which could create negative reputational issues;
- the Board reviews and approves an annual budget, which is subject to update through a forecasting process;
- the Operating Committee regularly reviews the financial and operating performance of the Group 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, monthly or quarterly depending on investment theme, with follow up actions agreed and implemented within a strict operational framework;
- the Group's Pricing and Oversight Committee (POC) supervises 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;
- in June 2018, the Senior Management Arrangements, Systems and Controls (SYSC) Committee was merged with the Group's RCC and SYSC is included as a formal agenda item at least twice yearly in June and December. The most recent SYSC presentation to the RCC was provided in the December 2018 RCC meeting;
- the Group Compliance function, whose responsibilities and processes include: ensuring that the Group at all times meets its regulatory obligations; integrated 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 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 and emerging 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;
- the Group's Finance function is responsible for the preparation of the financial statements and is managed by appropriately qualified accountants. Review is undertaken by numerous parties including the 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 cash flows and balance sheet exposures are the responsibility of the FX Management Committee, which determines the appropriate level of hedging required;

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 2022, 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 38 to 39. 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 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 yearly 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 on pages 38 to 39 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	– Group strategy is reviewed and approved by a Board with relevant industry experience
– Market capacity issues and increased competition constrain growth	– Experienced Emerging Markets investment professionals, with deep and ongoing market knowledge, participate in Investment Committees and provide quarterly updates to the Board – Diversification of investment themes and capabilities, and periodic capacity reviews – 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	– 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
– Inadequate client oversight including alignment of interests	– 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	– 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
– Manager non-performance including i) ineffective leverage, cash and liquidity management and similar portfolios being managed inconsistently; and ii) neglect of duty, market abuse	– 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
– Insufficient number of trading counterparties	– 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)	
– Inadequate security of information including cyber security	– Information security and data protection policies, subject to annual review including cyber security
– Inadequate business continuity planning (BCP)	– Established BCP process with periodic updates to Group RCC
– Inaccurate or invalid data including manual processes/reporting	– 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
– Breach of investment guidelines or restrictions	– Compliance includes Global Investment Restrictions Coding (GIRC) function, and investment decisions subject to pre-trade compliance
– Failure of IT infrastructure, including inability to support business growth	– Appropriate IT policies with annual review cycle – IT systems and environmental monitoring
– Trading with unauthorised counterparty	– Approved counterparty list
– Legal action, fraud or breach of contract perpetrated against the Group, its funds or investments	– Independent internal audit function that considers risk of fraud in each audit – Financial crime policy covering the Group and its service providers – Whistleblowing policy including independent reporting line, and Board sponsor – Due diligence on all new, and regular reviews of existing, service providers – Insurance policies to ensure appropriate client litigation cover
– Insufficient resources, including loss of key staff or inability to attract staff, which hampers growth or the Group's ability to execute its strategy	– Committee-based investment management reduces key man risk – Appropriate remuneration policy with emphasis on performance-related pay and long-dated deferral of equity awards
– 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	– 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 – Global conflicts of interest and inducements policies, with regular reports on the former to the Board – Conduct risk and organisational culture indicators are considered on a monthly basis by the Group RCC and on an annual basis by the Board
– Inadequate tax oversight or advice	– Dedicated in-house tax specialist and Group Tax policy covering all Group entities
– Inadequate oversight of Ashmore overseas offices	– 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
– Ineffective or mismanaged third-party services	– Due diligence on all new third parties and periodic meetings with core service providers
– Ineffective implementation of strategic initiatives or changes to the Group's business or operating model	– Strategic and business decisions are approved by the Board and executives – The Group's operating model is reviewed when implementing strategic initiatives and reported to the RCC annually

focus on impact

Financial returns

Ashmore

Sustainable investing

Themed impact investing

Financial returns driven

ESG risk management

Over

US$260 million

of investments in transportation infrastructure

Over

US$160 million

of investments in healthcare

Over

US$80 million

of investments in education

Over

US$65 million

of investments in renewable energy

Ashmore explicitly incorporates Environmental, Social and Governance (ESG) factors into its investment processes and continues to support wider society. These actions seek to deliver positive and sustainable outcomes for all stakeholders over the long term.

- Ashmore recognises that the assessment of non-financial factors has always been an essential part of Emerging Markets investing, and explicitly incorporating ESG factors into investment processes can enhance performance over the long term.
- Emerging Markets growth is dependent on the long-term prosperity of local communities and ESG factors, such as the effects of climate change and other global challenges, are acutely felt by these communities.
- Philanthropy and impact-first investing are critical to enable those at the bottom of the socio-economic pyramid to take the first step to prosperity.

Sustainability at Ashmore

As a specialist investment manager, Ashmore understands the importance of long-term sustainability in the Emerging Markets and it has always been at the heart of the firm's philosophy and critical to its success.

Ashmore recognises the role it plays in the deployment of capital and the impact this can have on the sustainability of the environment and broader society. The effects of global challenges are most acutely felt by companies and communities in the markets in which Ashmore invests. If the targets set out by the United Nations in the Sustainable Development Goals (SDGs) are to be met, arguably the greatest gains need to be made in the Emerging Markets.

Furthermore, Ashmore is acutely aware of the challenges that global inequality and wealth disparity cause. The social investments made by the Ashmore Foundation[1] seek to empower and benefit communities at the extreme end of these disparities.

As a corporate citizen, Ashmore understands the responsibility it has to all its stakeholders. It is essential that operations are managed in ways that most effectively ensure the continued wellbeing of the Group's workforce. Ashmore seeks to ensure that employees work in a positive environment, enabling personal and professional growth and development.

Ashmore seeks to systematically understand sustainability and aims to ensure its actions are appropriate, given the priorities and challenges faced across the breadth of its operations in 11 countries.

This work is spearheaded by Ashmore's first Head of Sustainability and ESG Integration, appointed in 2018. The appointment of this dedicated resource has enabled Ashmore to make significant progress in more clearly defining global sustainability objectives and responsibilities, and integrating sustainability and ESG considerations systematically across its operations.

Ashmore identifies three focused areas of sustainability: corporate, investment and societal. Ashmore recognises that these pillars are not mutually exclusive; rather, they provide a framework through which Ashmore can continue to evolve and advance its objectives.

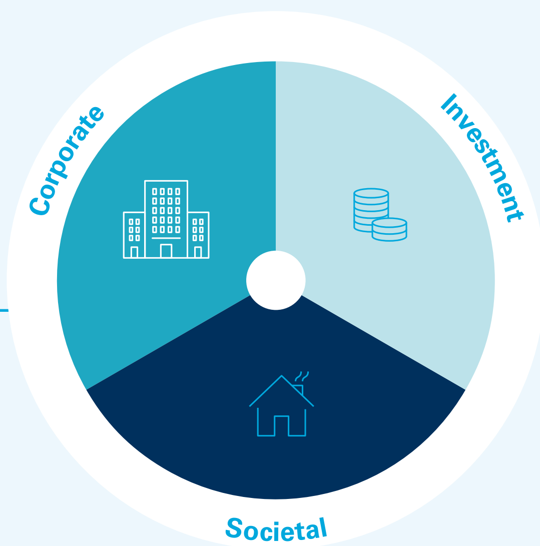
Sustainability governs Ashmore's approach to Investments, People, Communities and the Environment

Incorporating transparency, fairness, accountability and integrity into the Group's operations

- Committed to equal opportunities and ensuring workforce reflects the diversity of local communities
- Promotes energy efficiency and the avoidance of waste through operations
- Complies with international conventions and seeks to collaborate with other actors

Enabling clients to deploy capital in line with responsible investing considerations

- ESG assessment integration within the investment process
- Specific ESG training is provided to the investment teams
- Client-specific ESG requirements can be incorporated in the investment processes and guidelines
- Launched dedicated ESG fund in 2019



Social and impact-first investing locally in Emerging Markets communities

- Philanthropic and impact-first investments through the Ashmore Foundation
- Social investments in Emerging Markets communities
- Focused on enabling disadvantaged communities to improve their income and livelihood opportunities

1. The Ashmore Foundation is a company limited by guarantee, registered in England (6444943) and is a registered charity in England and Wales (1122351). The Ashmore Foundation is a separate and distinct legal entity from Ashmore Group.

Corporate sustainability

As a listed company, Ashmore recognises its role within wider society. Its approach to sustainability is underpinned by values of transparency, fairness, accountability and integrity, encompassing the Group's worldwide operations.

Ashmore continues to review industry best practice around corporate responsibility and active citizenship, with the caveats that this will vary from market to market, and that its responsibility is to ensure that its actions and initiatives are appropriate to the context in which they are implemented.

People

Ashmore directly employs 307 people in 11 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 (FY2018/19: 9.5%). Ashmore wishes to be an employer that the most talented people aspire to join wherever it operates.

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 encourages employees to act ethically and to uphold 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 and employee development

Ashmore believes that its unique business model and culture leads existing employees to recommend Ashmore as an employer which enables the Group to attract the most talented candidates. All employees are provided with a comprehensive induction on joining, introducing the Company's structure, culture, operations and practices which includes amongst these 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.

Ashmore recognises that development is a career-long activity and so will also support professional development or qualifications that will assist employees in developing and maintaining their levels of competence. As part of this, Ashmore believes that constructive performance management is an essential tool in the effective management of its people and business. 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.

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 clients and shareholders. It is believed that by ensuring employees are true stakeholders in the business, their actions and decisions will consistently be for the benefit of clients, shareholders and the Company. Ashmore recognises that individuals have different personal requirements dependent on where they are in 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 their performance alongside the Company's performance and the decisions they make, and as such has structured the equity scheme such that this proportion of employees' remuneration is deferred for five years.

Workplace benefits

Ashmore 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. Employee health and wellbeing is vital to their sustained performance at work, and Ashmore therefore operates a range of schemes to support employees' physical wellbeing. In London, Ashmore operates a mental health wellbeing scheme, and has a designated Mental Health First Aider.

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 by many of Ashmore's international offices.

Diversity

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. Diversity of thought is critical to Ashmore's success. This means attracting and developing a diverse team regardless of age, gender, ethnicity, sexual orientation, or religious affiliation.

Ashmore employees represent the diversity of the markets that it operates in worldwide, and as such over 37 nationalities are represented across the organisation.

Ashmore tracks gender diversity across all its offices globally. The gender balance is currently 66% (203 people) male and 34% (104 people) female.

Ashmore continues to provide data to the Hampton Alexander review, a summary of which can be found on the Group's website.

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 while at work.

Health and safety

Ashmore Group 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.

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 Company's activities, compliance with 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 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.

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 is satisfactorily verified before a business relationship commences and 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').

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.

Cyber security arrangements are formally reviewed and presented to the Audit and Risk Committee on an annual basis, noting that a programme of continuous improvement means that enhancements can and do occur through the year. No significant issues were raised during the year under review.

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.

Tax strategy

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.

Ashmore's tax strategy is published and available on its website.

Environmental impact

As a company whose business is based fundamentally on intellectual capital and which does not own its business premises, Ashmore's direct impact on the environment is limited and there are few environmental risks associated with the Group's activities. Nevertheless, Ashmore has a responsibility to manage these risks as effectively as possible. The Group continues to promote energy efficiency and the avoidance of waste throughout its operations.

Ashmore's largest 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, with energy efficient lighting installed. Mandatory greenhouse gas emissions (GHGs) reporting information can be found in the Directors' report.

Ashmore acknowledges that air travel is its biggest source of carbon emissions. Its business model inevitably requires that investment professionals and other employees travel to countries for research and monitoring purposes. However, wherever possible employees will avail the use of technology to minimise air travel.

Recycling programmes operate for appropriate disposable materials. The Company seeks to minimise the use of paper and wherever possible chooses paper stocks that have been sustainably sourced and are Forest Stewardship Council© (FSC) or equivalently accredited.

The UK Government's Energy Savings Opportunity Scheme (ESOS) has now entered its second phase, which requires compliance by 5 December 2019. Ashmore has appointed an accredited ESOS Lead Assessor, who has carried out an assessment and the Company expects to be in a position to confirm its compliance with ESOS Phase 2 to the Environment Agency in advance of the deadline.

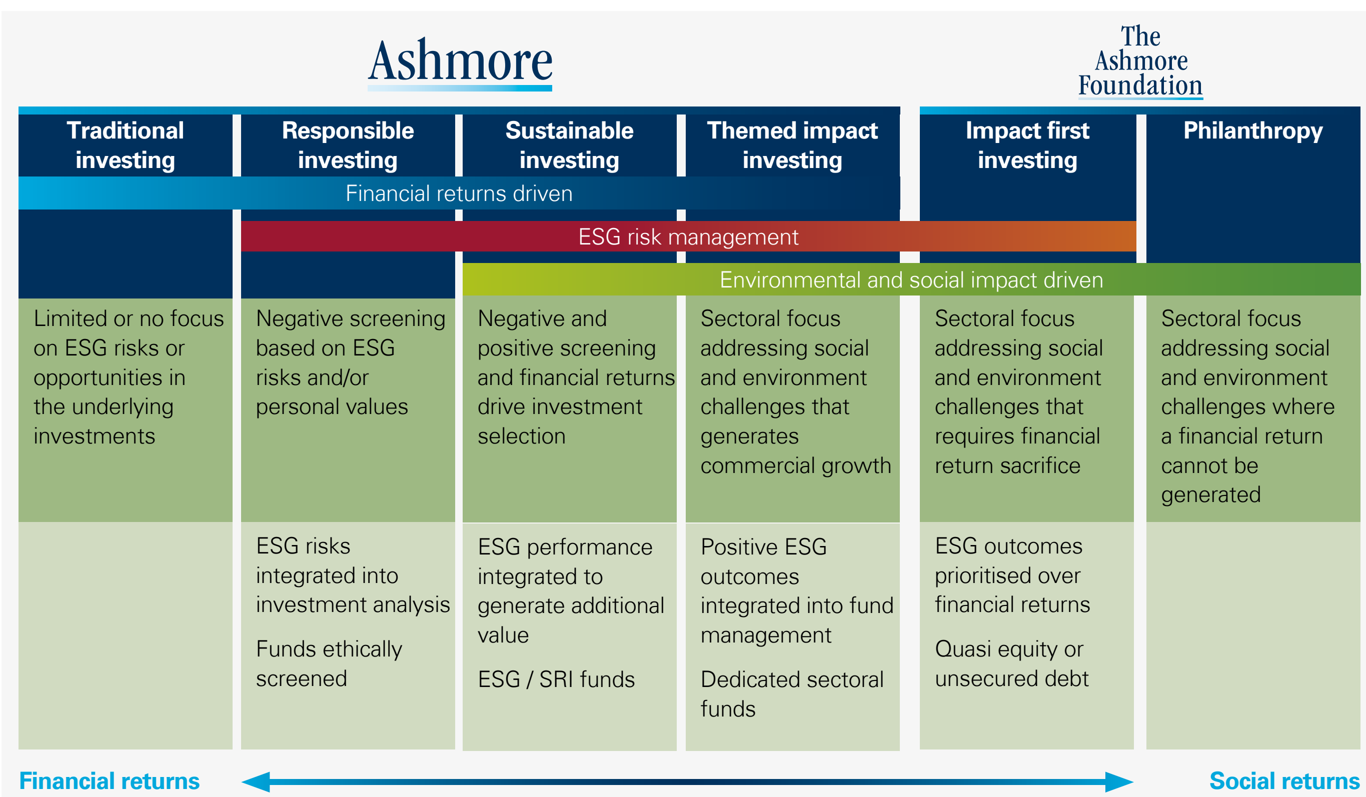
Investment sustainability

Emerging Markets are commonly defined as any country considered by the World Bank as low or middle income. Under this definition, Emerging Markets countries constitute approximately 80% of the world's population. As a leading Emerging Markets fund manager, Ashmore recognises the impact its investments can have on the communities and societies in which they are made.

The assessment of Environmental, Social and Governance (ESG) risks and opportunities has become an increasing area of focus for both asset owners and investment managers. There is increasing recognition that ESG risks and issues can have a material effect on the value of an issuer's debt or equity. 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.

At the same time, there are no industry-wide standards and approaches; ESG means different things to different investors. Moreover, Ashmore recognises that a large number of investors are still evaluating the role that ESG will play in their strategies and portfolios.

Ashmore recognises that the impact of the investments will vary in breadth and depth across its investment themes. With client and industry focus on investment impact, Ashmore investment professionals continue to strengthen their impact analysis. Ashmore continues to use the spectrum of capital and investment approaches, below, as a framework for understanding impact and the relational link between Ashmore's investments and the social and environmental impact of the socially-driven investments made through the Ashmore Foundation in countries where the Group has a presence.



Responsible investing policy

Ashmore's philosophy is underpinned by a fiduciary responsibility to its clients. Central to Ashmore's investment process is the ability to create value and deliver returns in line with clients' objectives. As an integral part of this, Ashmore is committed to enabling clients to deploy their capital in a manner that most appropriately meets their responsible investing considerations.

As an investment manager focused on Emerging Markets, Ashmore has developed a number of core capabilities which are among its distinguishing features. These, combined with a rigorous analytical approach in the Group's investment processes, can contribute to long-term sustainable returns.

Ashmore recognises that responsible investing is continually evolving and expects its approach to evolve as access to robust and reliable data increases.

Investment processes

Ashmore has integrated the analysis of ESG factors into its investment processes. Responsibility for ESG analysis lies with the investment teams, and is undertaken prior to any investment decision alongside the traditional financial assessment of an issuer. In addition to understanding ESG risk, Ashmore's portfolio managers seek to identify ESG opportunities.

With 95 investment staff dedicated to Emerging Markets, Ashmore has always relied on its proprietary research and the approach to ESG analysis uses a similar process. Portfolio managers use a variety of external secondary data sources, which are complemented by research visits and meetings with issuers, which add depth of understanding, and substantiate the secondary data.

In line with the team based investment philosophy, ESG scores for each issuer are discussed and reviewed at the relevant theme sub-investment committee. The ESG risk and opportunity is incorporated into an overall view of an issuer through financial estimates and/or the valuation assessment. ESG scores are reviewed at a minimum on an annual basis, but will also be flagged for review on an event-led basis.

ESG integration

Integrated approach	– ESG factor assessment fully integrated into Ashmore's investment processes – The portfolio manager undertaking the financial analysis carries out ESG assessment – Full incorporation of ESG risks and opportunities into decision-making provides a more comprehensive analysis of investment opportunities – Integration approach and scoring methodology overseen by ESG Committee
Proprietary methodology	– Unified approach and scoring system by issuer in all global public markets strategies – sovereign, corporate debt and equities – Internal research (research trips and meetings with issuers) complemented by external data sources – Portfolio managers complete Enhanced Financial Analysis (PRI Academy CFA Certified) training to undertake ESG assessment
Investment decisions	– ESG score for each issuer reviewed and discussed at the relevant theme sub-investment committee as part of investment approval – ESG scores are reviewed annually at the respective theme sub-investment committee. Additional reviews triggered on an event-led basis – ESG risk / opportunity is incorporated through financial estimates and/or the valuation assessment
Engagement	– Active engagement with issuers, both government and corporate, on improving ESG outcomes – ESG concerns raised with management and key stakeholders creating positive feedback loops – Positive performance rewarded with a lower cost of capital and poor performance penalised through withdrawal of capital

Public markets strategies

Environmental, Social and Governance (ESG) risk analysis is explicitly integrated into the bottom up process across all fixed income and equity strategies. The process is fundamentally driven and the issuer analysis encompasses a multitude of factors, including ESG.

Ashmore's assessment of an issuer's ability to manage ESG successfully is integral to the determination of fair value (equity) and fair spread (credit). Both governments and corporate management teams that can demonstrate strong ESG credentials are more likely to boost economic development and financial performance over time; for example by growing faster, reducing the cost of capital and generally managing risks better compared to their peers. Consequently, ESG factor analysis is integrated into the investment processes in the same way as the assessment of macro-economic risk, financial performance and credit metrics. It acts as both a form of risk management and a source of alpha generation. Ashmore also considers it part of its fiduciary duty as a steward of clients' capital.

Portfolio managers score all issuers using a consistent series of questions and data points to inform their view of an issuer's current ESG performance alongside their forward-looking prospects. The portfolio manager explicitly records their view in a dedicated ESG scorecard.

The investment thesis report, including the ESG score, for an issuer is reviewed, challenged and agreed at the relevant theme sub-investment committee. The ESG risk / opportunity is incorporated through financial estimates and/or the valuation assessment. Taken in combination with other macro and micro-economic risk drivers, investment time horizon, liquidity considerations and the investable universe, ESG risk assessment therefore has a direct impact on investment decisions and portfolio construction.

Alternatives investments

Ashmore's alternatives theme covers a diverse range of real assets in private equity, healthcare, infrastructure, special situations, distressed debt, and real estate opportunities. As such, the approach to ESG integration is tailored to the context of each market.

Ashmore considers relevant ESG issues, and the investee company's own ESG practices, as part of its due diligence process on prospective alternatives investments.

Ashmore's approach is designed to provide superior risk-adjusted returns by mitigating potential risks and increasing asset value. Wherever possible, Ashmore uses proprietary ESG assessment frameworks, which align to internationally accepted standards, including the PRI and the International Finance Corporation (IFC) Performance Standards. Furthermore, Ashmore's investment teams seek to ensure that its frameworks comply with local regulations and standards.

The due diligence process includes identifying the risk category of the proposed investment, analysing specific potential material risks and impacts in ESG areas, documenting best practices within the proposed investment, and evidencing the capacity to implement the required risk mitigation measures considered relevant for portfolio investment. The process concludes with the selection of ESG investment terms, which, once agreed, are written into the investment covenants.

Signatory of:

PRI Principles for Responsible Investment

UN Principles for Responsible Investment

Ashmore has been a signatory of the UN Principles of Responsible Investment (UNPRI) since 2013. The Group seeks to continuously improve its annual assessment score and increase its participation in PRI initiatives. The recent PRI scores can be found in the table opposite.

Category	2017	2018	**2019**
Strategy and Governance	A	A	**A**
Listed Equity – Incorporation	A	B	**B**
Listed Equity – Active Ownership	C	C	**B**
Fixed Income – Sovereign	B	B	**B**
Fixed Income – Corporate	E	B	**A**
Property	–	–	**B**
Infrastructure	–	–	**A**

Engagement approach

Ashmore seeks to engage with issuers, both government and corporate, to determine how they can improve their ESG outcomes. This is carried out as part of an ongoing dialogue with government officials and company management, and may involve other key stakeholders.

This approach helps create a positive feedback loop, whereby investors reward positive performance with a lower cost of capital, and access to international capital markets, and penalise poor performance with the withdrawal of capital. Over time, such incentives should lead to behaviour changes among issuers in favour of more sustainable economic development and corporate management models. As more asset managers implement similar investment processes, the changes in behaviour should accelerate across Emerging Markets issuers.

Across all alternatives investments, Ashmore seeks to engage those stakeholders affected by investment decisions as early on in the project as possible. This approach enables investment teams to make the most effective impact, while maintaining Ashmore's commitment to delivering superior risk-adjusted returns. 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.

Proxy voting

In keeping with Ashmore's policy on proxy voting, portfolio managers aim to vote on all proxies presented to them. Where they have concerns, they seek to engage with company management and other key stakeholders to address these.

Negative screening

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

Oslo Convention on cluster munitions

Ashmore believes that investments which do not meet minimum standards should be excluded from client portfolios. The Group fully supports the Oslo Convention, which prohibits investment in companies manufacturing cluster munitions. Ashmore seeks to comply with applicable government authorities and, at a geographical level, screens across all investment against the UN Security Council and EU/UK Sanctions and the US Office of Foreign Assets and Control lists.

Societal sustainability

Ashmore recognises that being a member of the global community brings with it responsibility to act in a manner that benefits wider society. This responsibility is particularly acute in the markets in which Ashmore operates. As such Ashmore seeks to behave in a manner that positively impacts not only its investors but also its employees and the communities in which it invests.

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).

Obsolete equipment

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.

Collaborations

Ashmore understands that its impact alone will be limited. To continue to develop best practice, there is a need to engage with, collaborate with and draw upon the expertise of peers.

In February 2019, to formalise its commitment to the United Nations Sustainable Development Goals, Ashmore became a signatory to the United Nations Global Compact. Ashmore has sought to align its operations with the Global Compact's ten principles for a number of years, and becoming a signatory formalises its support of the Global Compact.

The FTSE4Good Index series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. Ashmore has been a constituent of the FTSE4Good Index since 2014.

Ashmore continues to identify appropriate initiatives that will enable it to meet global best practice on those issues and themes that are important to the Group and its stakeholders, as well as wider industry initiatives that contribute to better investment practices and global growth and development.

Climate change

Ashmore recognises the impact that climate change could have on its operations and the sustainability of its investments. It is with this in mind that Ashmore seeks to understand the risks that significant temperature changes will have on its ability to operate as well as on the operations of the companies in which it invests.

CONVENTION ON CLUSTER MUNITIONS

FTSE4Good

The Ashmore Foundation

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 objective, 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 organisations in 25 Emerging Markets 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 seven Ashmore representatives, including a plc Board member, Jennifer Bingham, as well as one independent trustee. In addition to the board of trustees, Ashmore employees are encouraged to engage directly in the governance of the Foundation through trusteeships and involvement in sub-committees.

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.

Social investing in Emerging Markets

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 lack the skills and resources needed to participate fully in economic development.

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 first investing

The Ashmore Foundation recognises that some social impact organisations will be generating revenue through their activities. To achieve their objectives these organisations often require working capital to grow and scale. In 2016 the Foundation began making programme related investments in organisations whose work aligns with its charitable objectives.

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.

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.

Ashmore's contribution to the Sustainable Development Goals (SDGs)

To formalise its commitment to the United Nations Sustainable Development Goals (SDGs) and their achievement by 2030, Ashmore became a signatory to the United Nations Global Compact in 2019. Ashmore believes that its experience and engagement in the Emerging Markets enables it to contribute to the achievement of a number of the goals.

Set out below are the ways in which Ashmore's investments and social investments through the Ashmore Foundation over the past five years have contributed to the achievement of the SDGs.

Ashmore recognises that global development and sustainability issues are complex and will require continued investment and collaboration if they are to be achieved. To this end, Ashmore will continue to develop its process for assessing how it can most effectively contribute to their achievement.

Below is a selection of ways in which Ashmore's investments and social investments made through the Ashmore Foundation contribute or seek to contribute to the achievement of the SDGs.

- US$60,000 invested to raise awareness of Amazonian communities of their rights and social protections, reaching over 120,000 individuals

- US$150,000 invested to improve technical and skills training for school aged children in India
- US$50,000 invested to improve safety for children to and from school in India
- US$164,000 to provide skills training for young people living in informal settlements in Colombia
- US$10 million investment in largest school network in Colombia with aggregate student body of 6,000

- US$183,000 invested to provide over 1,000 children and their families with improved nutrition and food security

- US$100,000 invested to raise awareness of sexual and reproductive rights among young women in Ghana
- US$125,000 invested to shelter over 100 young girls rescued from online sexual exploitation in the Philippines
- US$60,000 invested to enable women to increase their income in Indonesia

- US$100 million investment in healthcare facilities in Dubai and Abu Dhabi
- US$15 million investment in oncology and diagnostics clinics in Morocco
- US$27 million invested in healthcare facilities in Colombia

- US$100,000 invested to improve working conditions across the coconut supply chain through Fair Trade certification in the Philippines
- US$150,000 to provide socially excluded communities with access to decent work in India

- US$41 million invested in the improvement of 284km of coastal road in Colombia facilitating approximately four million vehicles annually
- US$29 million investment in the construction of 136km of power transmission lines in northern Colombia
- US$5 million invested in 227 unit bus fleet in Bogota, Colombia

- US$63 million investment in waste management (reduction, recovery and recycling) in Saudi Arabia

- Support for children and young people in Colombia to reclaim public spaces from gangs
- 19,277 low income housing units built in Colombia

- Support for charity protecting young girls from online sexual exploitation in the Philippines

Board of Directors

Committed to high standards of governance

David Bennett

Non-executive Chairman (Age 57)

David Bennett was appointed to the Board in October 2014 and became Chairman in October 2018. 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, 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 and as a Non-executive Director and Chairman of Together Personal Finance Limited between 2010 and 2019. David holds an MA in Economics from Cambridge University.

Committee membership: **N**, R

Mark Coombs

Chief Executive Officer (Age 59)

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 45)

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 67)

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.

Committee membership: A, N, R

Dame Anne Pringle DCMG

Non-executive Director (Age 64)

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**

Clive Adamson

Senior Independent Director (Age 63)

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 Adviser in Banking Supervision at the Bank of England. Clive is currently a Non-executive Director of JP Morgan Securities plc, Non-executive Director and Chair of the Board Risk Committee of M&G Prudential plc, and Non-executive Director and Chair of the Board Risk Committee of CYBG plc. Clive is a Senior Adviser 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).

Introduction to corporate governance

Chairman's statement and introduction to corporate governance

Dear Shareholder,

You will find below the Corporate Governance Statement for the year ended 30 June 2019.

The statement provides an overview of Ashmore's corporate governance practices and explains the measures the Board is taking to ensure it keeps abreast of the changing governance landscape.

The Board and its committees have spent time considering the new 2018 UK Corporate Governance Code which we will be required to report against in our 2019/20 Annual Report. During the year we gave thought as to how we would comply with the new Code from 1 July 2019 and the change of emphasis it brings. In readiness for this, we made a number of changes and enhancements to the terms of reference of our Board committees (further details are set out in the reports from the committees below). The new Code puts emphasis on responsibilities to stakeholders, corporate culture, diversity, and contributing to wider society and I am pleased to set out a brief summary of Ashmore's approach and philosophy in these areas.

Stakeholder engagement

This year we have taken time to review who Ashmore's main stakeholder groups are, and a summary is provided at page 56.

At Ashmore we already have a tradition of the Board engaging with the workforce. At the end of each scheduled Board meeting we invite small groups of employees into the Boardroom on a rotational basis, to talk to the Directors face-to-face. This has been our practice over the last three years and during this time the Board has met 80% of UK-based employees as well as engaging with representatives from the offices outside the UK on a broad range of topics. I am pleased to report that this interaction has produced valuable insights and ideas. The format is an informal two-way discussion. There are no agendas or scripted questions and the sessions can take a different direction according to the topics that particular employees want to raise. This direct interaction gives the Non-executive Directors, in particular, a better insight into the culture of the Company. It also gives employees a chance to ask questions of the Board or suggest new ideas.

We take our relationship with our shareholders extremely seriously and this year (in addition to the Executive Directors), both I and the Chair of the Remuneration Committee engaged with a number of our institutional shareholders and the main proxy advisers to hear their views first hand. A product of these discussions is the enhanced disclosures you will see in our remuneration report, which we hope all shareholders will find beneficial.

Ashmore's culture

Our distinctive remuneration philosophy supports the unique culture at Ashmore, and this culture is at the heart of our business success. Each year the Board reviews a 'culture dashboard' with help from the Heads of HR and Compliance who attend for the discussion.

Whistleblowing

This year we have also considered how we could enhance our arrangements for 'whistleblowing', which under the 2018 Code becomes a Board level responsibility. We have engaged an outside agency to provide staff with a new and independent channel through which concerns can be raised. Our Audit and Risk Committee Chair, Clive Adamson, has agreed to act as the nominated Board Director for whistleblowing. While there have been no whistleblowing reports this year, we consider it important that there is a clear and accessible process through which staff can raise concerns.

Diversity

We are already a diverse organisation with 37 nationalities represented within our workforce. As a Board, we are currently meeting the Davies Report target of 33% female representation in advance of the 2020 deadline.

Wider society

Sustainability governs our approach to investments, people, communities and the environment. Ashmore's approach and the valuable work done by the Ashmore Foundation is described at pages 42 to 50 of the Annual Report.

Dividend

Finally, in recognition of the strong performance delivered by Ashmore this year, the Board has recommended a final dividend per share of 12.10 pence for the year, to give total dividends per share for the year of 16.65 pence.

David Bennett
Chairman

6 September 2019

Board changes

- Peter Gibbs retired from the Board on 19 October 2018
- David Bennett was appointed Chairman of the Board on 19 October 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. The Company has sought to comply with the 2018 UK Corporate Governance Code (the 2018 Code) since 1 July 2019 and will be required to report against the 2018 Code next year. The Group has reviewed its governance arrangements in preparation for this, as explained below.

Directors

The Board of Directors comprises two Executive Directors and four 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 David Bennett (Chair); Clive Adamson (Senior Independent Director), Jennifer Bingham and Dame Anne Pringle. Peter Gibbs retired as Chairman and Non-executive Director at the close of the AGM on 19 October 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;
- 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 set out in writing and have been agreed 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 David Bennett, Clive Adamson, Jennifer Bingham and Dame Anne Pringle to be independent. Clive Adamson 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 Chair).

The Board confirms that the Company and Mark Coombs entered into a relationship agreement on 1 July 2014 as required under UK Listing Rule 9.2.2ADR(1); 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 2019. Mark Coombs announced in February 2019 that he had agreed a transparent approach with the Board to reduce his shareholding (currently 37.8%) to a more appropriate level over the medium term.

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 to ensure a proper understanding of their views in relation to the Company's Remuneration Policy and disclosure of its remuneration practices. The major shareholders are anyway invited to request meetings with the Senior Independent Director as required.

During the year, meetings took place between the Senior Independent Director and the Non-executive Directors without the executives present and between the Chairman and the Senior Independent Director.

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 regularly 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 briefings and presentations from members of executive management during the year covering a breadth 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. Jennifer Bingham, who was appointed to the Board in June 2018, received advice from the Company Secretary on her duties and obligations and a full, formal and tailored induction which included meetings with a number of executives. 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. During the year, the Non-executive Directors participated in the Group's e-learning programme including modules on the Market Abuse Regulation, GDPR and Information Security. The Nominations Committee considers the appointment and replacement of Directors subject to the Company's Articles of Association which are summarised on page 54.

Under the Articles, the minimum number of Directors is two and the maximum is 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 is 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 18 of the 2018 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 is 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 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 51.

Annual performance evaluation

The Code requires that the Board undertake a formal annual evaluation of its own performance and that of its committees and individual Directors and that an externally facilitated Board evaluation should be undertaken at least every three years. As an externally facilitated evaluation was undertaken last year, this year the evaluation was internal. The process included one to one meetings between the Chairman and each of the Directors. The performance of the Board, its committees and individual Directors was discussed and assessed by the Chairman. One of the Non-executive Directors, Dame Anne Pringle, having served on the Board beyond six years, was the subject of a particularly rigorous review in compliance with the Code. After taking input from each of the Executive Directors, the Senior Independent Director also 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. The Board believes that, following the completion of the evaluation, the performance and contribution 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 reviewed as part of the evaluation and feedback was provided by the Chairman to meetings of each committee. All committees were found to be working effectively. 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 appointment has added to the skills and sector experience of the Board. The private sessions held by the Non-executive Directors following Board meetings were felt to be valuable.

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. This year all terms of reference have been reviewed and amendments agreed by the Board. Further details are provided below.

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 on 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.

Meeting attendance between 1 July 2018 and 30 June 2019	Board	Nominations Committee	Audit and Risk Committee	Remuneration Committee
	Attended	Attended	Attended	Attended
Peter Gibbs	2/2	0/0*	–	2/2
Mark Coombs	6/6	–	–	–
Tom Shippey	6/6	–	–	–
Dame Anne Pringle	6/6	2/2	4/4	5/5
David Bennett	6/6	2/2	1/1†	5/5
Clive Adamson	6/6	2/2	4/4	5/5
Jennifer Bingham	6/6	2/2	3/3^	3/3^

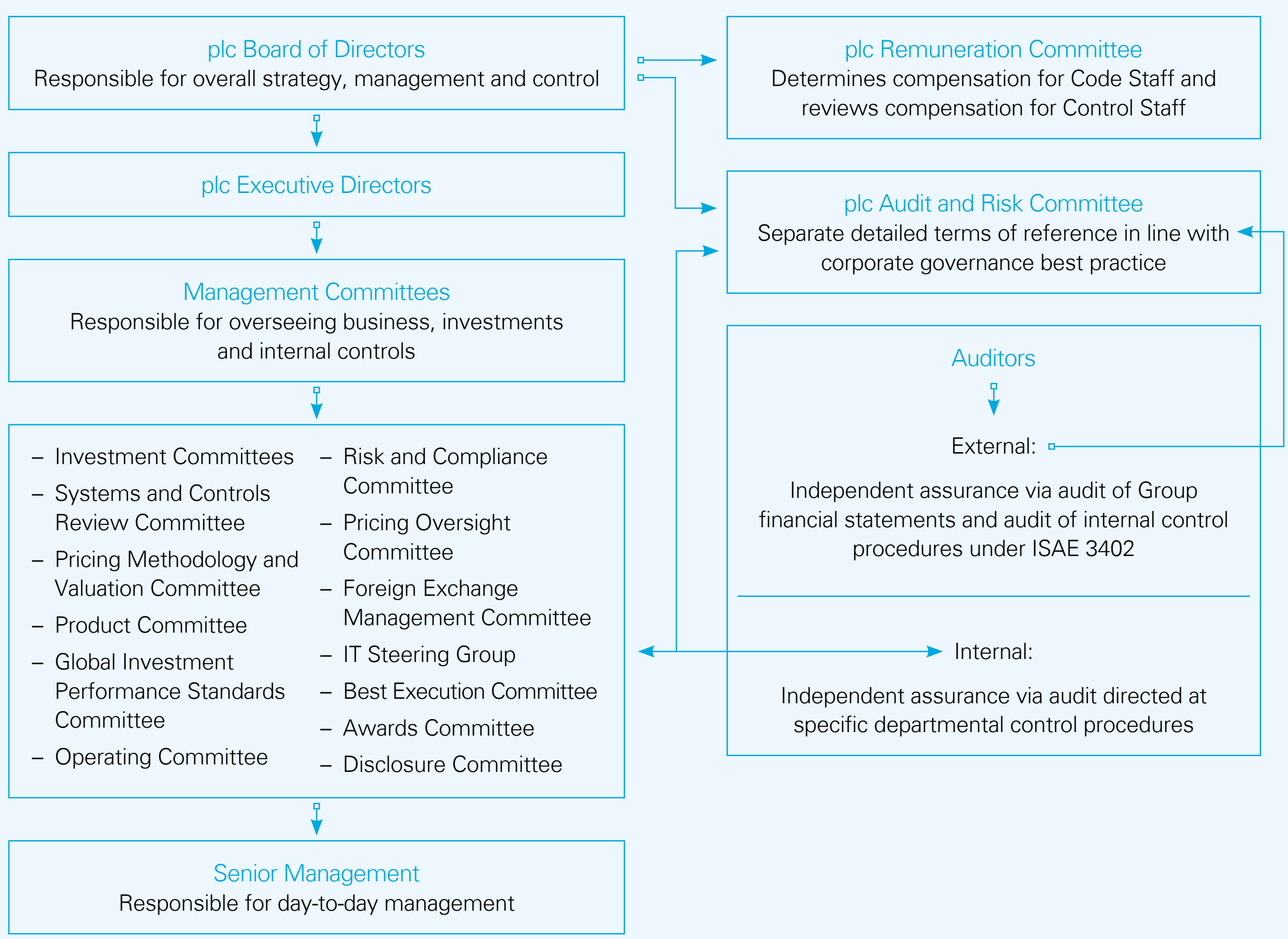
* Peter Gibbs was Chair of the Nominations Committee between 1 July 2018 and 19 October 2018 but no meetings were held during that period. Peter Gibbs attended all meetings of the Board and the Remuneration Committee held between 1 July 2018 and 19 October 2018.

† David Bennett retired from the Audit and Risk Committee on 19 October 2018.

^ Jennifer Bingham was appointed to the Board on 29 June 2018 and joined all three Board committees on 19 October 2018.

Members of executive management are invited to attend Board committee meetings as required but do not attend as members of those committees.

Corporate governance framework



Stakeholder interests

During the year the Board identified the following as the Company's main stakeholder groups:

Stakeholders	Importance	Principal methods of engagement
Clients	Delivering investment performance for a diversified client base is critical to Ashmore's success as a specialist Emerging Markets asset manager	– Ashmore's distribution teams develop direct, long-term relationships with institutional and intermediary clients – Clients receive frequent and regular client reports on investment performance and portfolio positioning
Shareholders	The support of Ashmore's shareholders, with an appropriately long-term investment horizon, is important to enable Ashmore to fulfil its strategic growth ambitions	– Comprehensive investor relations activity involving Executive Directors and engagement with other Board members as appropriate – Ashmore seeks to build direct relationships with shareholders and potential investors
Employees	Ashmore's 307 employees are its most important asset, and the Group's priority is to attract, develop, manage and retain employees to deliver the Group's potential	– Ashmore has a unique culture, supported by a lean organisation structure, a distinctive remuneration philosophy and a clear 'tone from the top' – The Board meets teams of employees on a rotational basis at every Board meeting, and the CEO provides regular briefings including a quarterly newsletter – Conduct risk and organisational culture indicators are considered monthly by the RCC and annually by the Board – The Board reviews a 'culture dashboard' annually with input from the Global Heads of HR and Compliance – Ashmore has established an independent channel through which employee concerns may be raised and Clive Adamson, Chair of the Audit and Risk Committee, is the nominated Board director for whistleblowing
Society	Ashmore recognises the impact its activities may have on wider society, and takes this responsibility seriously	– The consideration of ESG factors is incorporated into Ashmore's fixed income, equities and alternatives investment processes – The Ashmore Foundation, established in 2008, seeks to make a positive and sustainable difference to disadvantaged communities in the Emerging Markets in which Ashmore operates and invests – Ashmore is a signatory to the UNPRI and UN Global Compact and supports the Sustainable Development Goals agenda – Pursuant to the Modern Slavery Act 2015, Ashmore updates its Slavery and Human Trafficking Statement each year
Regulators	Ashmore's business comprises global operating hubs and independent local asset management platforms, operating under a number of different regulatory jurisdictions	– Ashmore's Directors and senior management maintain strong working relationships with regulators in each of the Group's jurisdictions and, where appropriate, participate in regulatory consultations and industry working groups – Ashmore imposes the higher of local and head office (UK) regulatory and compliance standards, and is committed to compliance with all relevant laws and regulations – The Group's Regulatory Development Working Group ensures the business is kept abreast of the implications of developing and impending regulation
Third-party service providers	The efficiency and scalability of Ashmore's operating platform relies in part on high-quality third-party service providers	– Ashmore conducts due diligence on all new third-party service providers, and meets and reviews existing providers to ensure appropriate service levels – The Group's Supplier code of conduct outlines the minimum ethical standards that must be met in order to do business with the Group, and monitors and engages with suppliers to ensure compliance

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 2019. The Committee continues to play a key role in the oversight of the Group's financial reporting, risk management, control and assurance processes, internal and external audit.

Clive Adamson
Chair

Activities and membership

The Committee held four scheduled meetings during the year and its activities are described on pages 57 to 60.

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

- Clive Adamson (Chair from 19 October 2018)
- David Bennett (Chair and member until 19 October 2018)
- Dame Anne Pringle
- Jennifer Bingham (member from 19 October 2018)

(Except as shown above, all members of the Audit and Risk Committee served throughout the year).

This is my first report as Chair of the Audit and Risk Committee (the 'Committee') having succeeded David Bennett who relinquished the role on becoming Chairman of the Board. With regard to the Committee's membership, the Board is satisfied that: (i) for the year under review and going forward, I have recent and relevant financial experience; (ii) for the duration of his tenure on the Committee David Bennett had recent and relevant financial experience; and (iii) the Committee as a whole has competence relevant to the sector in which the Company operates.

The terms of reference for the Committee (which were reviewed during the year), include the following provisions:

- 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;
- devloping proposals in respect of overall risk appetite and tolerance as well as metrics to monitor the Group's risk management performance;
- 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;
- providing assurance to the Board to allow the Directors to confirm that they have carried out a robust assessment of the emerging and principal risks facing the Company;
- 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 and monitoring the auditors' independence and objectivity;
- negotiating and approving the auditors' remuneration, whether fees are for audit or 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 systems and controls for detecting fraud and the prevention of bribery;
- reviewing the 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.

Review of Terms of Reference

The Committee's Terms of Reference were reviewed during the year and a number of amendments were agreed. These included changes made to reflect the 2018 Code, which has applied to the Company since 1 July 2019 (see paragraphs below on 'Whistleblowing'). In assessing the various key matters relative to its terms of reference and to satisfy itself that the sources of assurance and information the Committee has used to carry out its role to review, monitor and provide assurance or recommendations to the Board are sufficient and objective, the 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 Committee.

The 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 Committee during the year, and the manner in which it discharged its responsibilities, are described below.

Meetings

During the year the Committee considered a range of topics including fund liquidity (in the light of difficulties faced by other managers); the impact of adopting new IFRS accounting standards 9, 15 and 16; and the accounting treatment applied to the acquisition of a 56% interest in AshmoreAVENIDA. The Committee received reports from the Group Head of Compliance, the Head of Internal Audit and the Group Head of Risk Management and Control, including in relation to the Annual Review of Risk Management and Internal Control Systems. The number of Committee meetings and their attendance by the Directors are set out in the table on page 55. The Committee met four times during the year under review. Scheduled meetings of the Committee take place on the day prior to a Board meeting to maximise the efficiency of interaction with the Board. As Chair, I report to the Board on the business of any Committee meetings, as part of a separate agenda item at the next following Board meeting. All Non-executive Directors are invited to attend meetings of the Committee.

The Chair of the Committee also holds one-to-one meetings, prior to each Committee meeting, with the Head of Internal Audit, the Group Head of Risk Management and Control, the Group Head of Compliance, the Group Finance Director and the external auditor.

Financial statements

The Committee reviewed the 2019 Annual Report, the interim results and reports from the external auditor, KPMG LLP, on the outcome of its reviews and audits in 2019.

Significant accounting matters

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

Level 3 seed capital investments

Ashmore holds a number of level 3 investments as a result of the Group's seeding programme. The valuation of these investments is judgemental and may involve a high level of estimate uncertainty. The methodology adopted to value the investments and the sensitivity analysis around the valuation are discussed in note 19. The key judgement and estimates involved are discussed in note 33. A report from the auditor regarding the valuation and control processes around level 3 assets was received and reviewed by the Committee in the year. The method of accounting for level 3 assets can be found on page 115.

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 120. The Committee is satisfied that controls are in place to ensure that revenue rebates are recorded accurately and completely.

Other accounting matters

During the year, the 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 36.

UK Corporate Governance Code

A separate Corporate Governance Statement is included on pages 53 to 54 which explains how the Group has complied with the 2016 UK Corporate Governance Code.

External auditor

For FY2018/19 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 for a listed entity, KPMG rotate the audit partners every five years.

The external auditor attends all meetings of the Committee. It is the responsibility of the Committee to monitor the performance, objectivity and independence of the external auditor. The 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 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 Chair of the Committee and approved by me. KPMG announced in November 2018 that they would cease to provide permissible non-audit services to their FTSE 350 audit clients (including the Company), unless the services in question are closely related to audit, which the majority of the services provided by KPMG to the Group are. KPMG informed the Committee that they would implement a transitional period until 30 September 2019.

During the year under review the value of non-audit services provided by KPMG LLP amounted to £0.3 million (FY2017/18: £0.1 million). Non-audit services as a proportion of total fees paid to the auditor were approximately 38% (FY2017/18: 20%).

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 in relation to client assets 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 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.

For the year under review, the provision of tax advisory services, due diligence/transaction services and litigation services were permitted with the Committee's prior approval. The provision of internal audit services, valuation work and any other activity that could give rise to any possibility of self-review were not permitted. During the year there were no circumstances where KPMG LLP was engaged to provide services which might have led to a conflict of interests. In addition to KPMG's own policy on non-audit services 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 did 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.

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 UK Corporate Governance Code. Mandatory audit firm rotation is required after 20 years[1] 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 re-tendering 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.

At the end of each Committee meeting, the Non-executive Directors meet with the external and internal auditors without the Executive Directors 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 Committee asked detailed questions of key members of management. 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. The Committee received a report from the auditors on the current and pending legal and regulatory actions being brought against KPMG.

The Committee asked questions of the Audit Partner, who explained the steps the firm is taking to avoid any repetition. The Committee will continue to receive updates and to monitor developments, but in relation to its audit of the Company, the Committee is 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 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 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 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 34 to 39.

1. Subject to transitional arrangements.

Internal audit

The Head of Internal Audit has regular meetings with the Chair of the Committee and attends all meetings of the Committee to present reports on the internal audit findings and on the proposed programme of reviews. The 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 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 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 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 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. An assessment was carried out in the 2017/18 financial year by Deloitte LLP, who reported their findings to the Committee. The conclusions were that Ashmore's internal audit function demonstrated "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.

After due consideration, and in accordance with the Financial Services Code guidance, the Committee remains 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 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 Committee 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 Committee receives annual updates from the Ashmore IT Department on potential cyber security threats and how Ashmore would respond to a significant event.

Whistleblowing

In accordance with the 2016 UK Corporate Governance Code the Committee was 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 allowed for proportionate and independent investigation. The Committee discharged its duties in this area during the Company's 2018/19 financial year.

The 2018 Code requires the Board (rather than the Committee) to routinely review the means for the workforce to raise concerns in confidence and, if they wish, anonymously, as well as the reports (if any) arising from its operation. The Board should also ensure that arrangements are in place for the proportionate and independent investigation of such matters and for follow-up action. In compliance with these new Code provisions, responsibility for this area reverted to the Board on 1 July 2019 and the Committee's terms of reference were duly amended to reflect this.

Funds' audits

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

Audit and Risk Committee effectiveness

The Internal Board evaluation included a review of the effectiveness of the Committee as well as the individual Directors. Following this evaluation the Board has concluded that the Committee is working effectively.

Clive Adamson
Chair of the Audit and Risk Committee

6 September 2019

Nominations Committee

The changes announced in June 2018 were implemented following the AGM in October. I became Chairman of the Board and Chair of the Nominations Committee, Clive Adamson was appointed Senior Independent Director and Chair of the Audit and Risk Committee, Dame Anne Pringle was appointed Chair of the Remuneration Committee and Jennifer Bingham became a member of all three Board committees. These changes appear to have been well received by shareholders.

David Bennett
Chairman

Activities

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

- Peter Gibbs (Chair and member until 19 October 2018)
- David Bennett (Chair from 19 October 2018)
- Clive Adamson
- Jennifer Bingham (member from 19 October 2018)
- Dame Anne Pringle

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

This year has seen a period of consolidation following the changes made to the Board and Committee structure in October 2018.

The ongoing responsibilities of the Nominations Committee (the 'Committee') include the following:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and its committees; and
- 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.

During the year, the Committee reviewed its terms of reference and recommended changes to the Board. A number of amendments were made in order to ensure compliance with the 2018 UK Corporate Governance Code from the start of the Company's 2019/20 financial year. These changes provide for the Committee to:

i. ensure candidates are not 'overboarded' and have sufficient time available to discharge their duties;

ii. consider candidates on merit and against objective criteria and within this context promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;

iii. make arrangements for existing Directors to seek Board approval in advance of taking on any significant new commitment with the reasons for approval being explained in the Annual Report;

iv. make recommendations to the Board concerning the diversity policy of the Group, ensuring that candidate pools for Board or senior management appointments (whilst being assembled on merit) wherever possible include candidates of different gender, ethnic and social backgrounds; and

v. ensure that, in normal circumstances, a Chair of the Board shall not serve for longer than nine years from the date on which they were first appointed to the Board.

In making recommendations to the Board concerning the diversity policy, the Committee will, in future, take account of the 2018 Code requirement for a 'diverse pipeline' for succession to both Board and senior management positions. However, given the Group has a workforce of only 307 employees globally, it would be unrealistic to expect a 'diverse pipeline' to be available from within the organisation for every senior management vacancy. Hence, the Terms of Reference now provide that the Committee will focus on diversity within candidate pools. (Ashmore's policy on diversity is described in the Directors' report on page 95.)

The Committee considers the appointment and replacement of Directors subject to the rules set out in the Articles of Association. In accordance with the UK Corporate Governance Code the Committee will consider the balance of skills, experience, independence and knowledge on the Board in filling any vacancies. 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 and guidance from the Equality and Human Rights Commission). The Committee may also consider candidates introduced to the Company from other sources. The Committee has not set any measurable objectives for diversity (including gender diversity) in making Board appointments, but meets the target set by the Davies report of 33% female representation on the Board.

The members of the 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 Committee meetings and their attendance by the Directors are set out in the table on page 55.

An internal 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.

David Bennett
Chair of the Nominations Committee

6 September 2019

Remuneration Committee

Introduction

I am pleased to take on the role of Remuneration Committee Chair, from Clive Adamson, and would like to thank him for his oversight of this important area over the past year, and his continued input to remuneration decisions as a Remuneration Committee member.

I have been a member of Ashmore's Remuneration Committee since 2013 and therefore I am familiar with and highly supportive of the Group's Remuneration Policy (the Remuneration Policy). I believe, as do others, that Ashmore is a specialist business, which operates in distinctive markets, and as such, I consider that the Remuneration Policy is highly aligned with the Group's business strategy.

I have spent considerable time this year consulting with shareholders and listening to their views on the Group's current Remuneration Policy and practices. It is evident to me from their feedback that there are areas of the Remuneration Policy and remuneration outcomes that need greater explanation to make clear that, despite some of the less common features of the Remuneration Policy, it remains the most appropriate structure for the Group, and is entirely aligned with the interests of shareholders and supportive of the business strategy and culture through market cycles.

There have been two consistent themes which have been raised by investors through their feedback on Ashmore's Remuneration Policy. Firstly the fact that Ashmore has one consistent Remuneration Policy for its employees including Executive Directors, meaning that Executive Directors have uncapped individual bonuses and the ability to sacrifice up to half of their cash bonus for an equivalent value of restricted shares which are deferred for five years and attract a matching restricted share award; and secondly, that the Remuneration Committee has provided relatively limited disclosure on the annual assessment of performance it undertakes for Executive Directors and how this process leads to annual bonus awards.

To that end we have provided a greater degree of disclosure this year on how the Remuneration Committee exercises strong governance, control, and discretion to provide a greater degree of reassurance to shareholders, and have provided a more in-depth explanation of why we believe that our current Remuneration Policy provides the most appropriate outcomes for shareholders over time.

The importance of remuneration in shaping culture

A distinctive feature of the Remuneration Policy at Ashmore is that it has been designed to apply to all Ashmore Group employees including Executive Directors, which is a material factor in defining and shaping both the Remuneration Policy and Ashmore's culture as an organisation.

The FCA has rightly required financial services companies to dedicate considerable resource to considering their culture over recent years, prompted by events in wholesale and retail markets. Like many other businesses, we have examined the factors we believe drive employee behaviours and shape culture at Ashmore, not least in terms of how these support the delivery of appropriate client outcomes and proper standards of market conduct.

Ashmore is by many measures a large business, however it remains relatively small from an employee headcount perspective, with only 131 UK based staff. This gives the Board the advantage of being able to meet and spend time with all UK based employees as part of a standing Board agenda item. This arrangement pre-dates the changes to the UK Corporate Governance Code, requiring companies to put in place a mechanism whereby the Board directly receives regular information from employees. Our programme has been in place since 2016 meaning over 80% of UK based staff have to date spent time with the Board. At each meeting the Board also receives regular presentations from one or more business areas, including those based outside the UK, which provide similar access and input to the meetings held with UK based employees.

These meetings allow the Board to impart a clear 'tone from the top', outlining expectations, standards and the importance of individual accountability to all staff; and they also allow regular feedback to be received by the Board members from all areas of the business, not least on Ashmore's distinctive culture and its Remuneration Policy.

Ashmore's team-based approach to investment management is mirrored across all areas of the business, with a collegiate, collaborative, pragmatic, client-focused and mutually supportive culture being the result. It is critical to the firm's continued success that this is maintained through market cycles, with continuity of personnel in the investment management teams, distribution and support functions.

The Remuneration Policy has been designed with this in mind and is a material driver of culture and employee retention, with its focus on the long-term alignment of the interests of employees, clients and shareholders.

Current Remuneration Policy

Ashmore's incentive structures and Remuneration Policy have remained consistent since 1999 and before its listing on the London Stock Exchange in 2006. They were designed to incentivise staff to deliver appropriate outcomes for clients and the broader public markets, instil a culture of accountability at all levels, and reward performance in a way that is aligned with the long-term risk-adjusted performance of the business. Ashmore's Remuneration Policy has required very little change to be compliant with the various remuneration codes introduced by the FCA over this period.

The Remuneration Policy is deliberately simple and the principles supporting it are applied across all of Ashmore's employees in order to instil a common equity ownership culture based on pay for performance.

The current Remuneration Policy, approved by shareholders at the October 2017 Annual General Meeting, can be found in full on pages 56 to 60 of the 2018 report and accounts, available on our website at www.ashmoregroup.com. The key features that help to shape Ashmore's culture are outlined below.

Base salaries are capped at £120,000 and are set towards the lower end of current market levels to ensure that in negative market cycles the Company is able to preserve its intellectual capital through the retention of its employees, rather than face the possible requirement to reduce fixed staff costs through enforced redundancies.

On an annual basis, the Company's bonus pool is derived solely from profits made during the performance period and has been capped at 25% of earnings before variable compensation, interest and tax.

The Remuneration Committee is able to apply an ex-ante risk adjustment to reduce the available bonus pool to reflect any matters of concern in relation to financial performance, risk management, operational, conduct or reputational risks.

All aspects of variable remuneration, whether cash or equity, are expensed through the Group's profit and loss account as components of the total accrual for the variable remuneration pool, which operates under the 25% cap described above. It is also worth noting that the Remuneration Committee has never utilised fully the capped 25% bonus pool with the historical range of outcomes as a listed company, being between 14% and 22.5% of profits.

While there is a de facto cap provided by the limit on the proportion of profits that can be awarded to employees in any given year, the Remuneration Policy does not explicitly cap any individual employee's variable pay award. The Remuneration Committee believes it is appropriate to retain discretion and flexibility to reward performance, and does not want to risk creating an incentive to manage towards a particular financial threshold or to determine pay outcomes through the application of a rigid formula. Furthermore, there is anecdotal evidence that suggests that the introduction of bonus caps in financial services and other sectors leads to adverse consequences in terms of fixed salary inflation or the introduction of fixed or role based allowances which serve the same purpose. This can have a negative effect on shareholder value over time as a result of the inflexible cost structure causing business instability.

Cash bonuses are at a reasonable market level subject to business and individual performance, to ensure short-term employee retention and reward.

Total pay including deferred share awards is competitive, with up to 77% of variable pay in the form of equity, which is deferred for five years and cliff vests. The potentially dilutive effect of the equity awards has been mitigated historically through the purchase of ordinary shares in the market by the Group's Employee Benefit Trust, and it is intended that this approach continues.

Employee shareholding reinforces long-term alignment of interests

To encourage and maintain Ashmore's equity ownership culture, employees and Executive Directors may elect to reduce their cash bonus by up to 50%, and in exchange receive an equivalent value of restricted shares that are deferred and vest after five years, and which will be matched in the form of a further award of restricted shares also vesting after five years.

The Remuneration Committee believes it is important to ensure a consistent treatment of deferred remuneration arrangements across the Group, and so additional restricted shares can be awarded to Executive Directors in the same way as any other employee, if they choose to reduce their cash bonus in exchange for restricted shares, albeit that Executive Directors' share awards are in part subject to additional performance conditions.

The remuneration model generates strong retention for employees, who are able to build up a meaningful shareholding in the firm over time, thus aligning them with the long-term interests of clients, shareholders and their colleagues, while also complying with the various remuneration regulations. The five-year deferral and cliff vesting of share awards also provides a smoothing of income over time which again aids retention of employees through market cycles. Approximately 46% of outstanding shares are either owned directly or as restricted share awards by all eligible employees, who average seven years of service[1].

1. Data as at 2018 share awards grant date, length of service calculated to 30 June 2019.

Executive Directors at Ashmore are paid through the same structure as other staff

Unlike many peer organisations, Executive Directors do not receive materially higher basic salaries, different levels of pension contribution, benefits or long term incentive plans that are not available to other staff. The key difference being the application of performance conditions measured over the five-year vesting period for restricted share awards, which puts a significant proportion of their deferred equity and therefore total pay at risk.

The Remuneration Policy ensures that between 40% and 77% of the variable pay of senior managers including Executive Directors is deferred for five years. With a low basic salary, this also results in a very high proportion of total remuneration being deferred, and also subject to malus and clawback policies.

The variable remuneration structure therefore allows the Remuneration Committee to exercise substantial discretion over the majority of total compensation annually and flex the awards made to senior managers and Executive Directors in order to reflect the performance of both the business and the individual in any given period.

The Group's history demonstrates that there is significant variability, in terms of both the proportion of profits made available for variable remuneration and also the awards made to senior managers and Executive Directors. The Remuneration Committee has a demonstrable record of paying Executive Directors only for performance, with zero awards in some years and occasions where discretion has been exercised to reduce awards in other years. This supports the Group's strategy and provides significant cost flexibility in a cyclical business, thus aligning the interests of clients, shareholders and employees through market cycles, and which in combination with ongoing performance conditions, seeks to support and encourage long-term decision making.

Performance assessment

The Remuneration Committee considers the performance of senior managers and Executive Directors over the long term. As such, when assessing performance on an annual basis the Remuneration Committee considers both progress over a multi-year period and annual performance in the context of the overall trajectory of the business and progress made towards its strategic objectives and its key performance indicators.

The business is focused on delivering against an established long-term strategy and clear key performance indicators, both of which have remained consistent for a number of years. The overarching strategy described in detail on pages 6 to 7 comprises the establishment of the Emerging Markets as an asset class, the diversification of investment themes within this and the sourcing of developed world capital as investors into these themes, and finally the mobilisation of Emerging Markets capital both through investors into global Emerging Market products and through the establishment of offices in a range of Emerging Market locations, sourcing and managing local and international capital. The key performance indicators put in place to measure achievement against this strategy described in detail on pages 14 to 15 are the development over time of assets under management, delivering investment performance for clients and remaining profitable as a business while maintaining a strong balance sheet

Consistent assessment criteria

The Remuneration Committee believes that it is right and proper to assess the achievements of the Executive Directors and other senior managers against these strategic objectives and KPIs over time, to ensure the sustainable, long-term development of the Group. Therefore the proportion of the Executive Directors' annual bonus which is deferred for five years, and which only vests subject to achievement against performance conditions, has similar measures applied.

Vesting of these restricted share awards is subject to three equally-weighted performance conditions, applied over the five-year period. These directly correlate with the Group's key performance indicators, relating to delivery of investment outperformance, growth in assets under management and profitability. The Remuneration Committee decided to remove a fourth performance condition of relative total shareholder return (TSR) as a vesting condition from July 2018 onwards, based upon its observations over the past decade and combined with external advice, that there are no other listed asset managers dedicated to managing investments in Emerging Markets and therefore whose share price is influenced by particular external macroeconomic factors in the same way as Ashmore's.

The Remuneration Committee is also clear that measuring and rewarding performance over very short-term quarterly, semi-annual and annual results publication cycles risks delivering outcomes and an incentive structure which is at odds with the long-term sustainable growth of the business and so may work against shareholder interests both in the short and long term. The Remuneration Committee also believes that a formulaic approach to determining annual variable remuneration can often drive short-term decision making, the wrong behaviours, and thus incentivise the wrong long-term outcomes for clients, shareholders and employees; as very often the areas being measured are driven by factors outside management's direct control, for example market cycles or client asset allocation policy decisions.

Thorough balanced scorecard

Therefore, to ensure a robust annual assessment process the Remuneration Committee has established a thorough balanced scorecard of factors that it reviews in detail before decisions on annual bonus awards are made. This structure has been in place as an evolving process since the Company listed, and is undertaken through the Remuneration Committee meetings held in June, July and September prior to the announcement of results. It is clear through my engagement with investors, that there is an appetite for greater transparency and disclosure about this annual process, and so further detail has been provided this year.

Each year the Remuneration Committee is presented with a substantial data set prepared by the Group's Finance, Risk, Human Resources, Middle Office, Distribution and Compliance teams that comprises a range of quantitative, qualitative, financial and non-financial elements. The nature of the information reflects both those aspects that are directly in the control of management and also those which can be impacted by external factors. For these elements the Remuneration Committee will examine management's response to events and their management of the impact of events, rather than the specific resulting movements in, for example assets under management or investment performance, that will have been outside of their direct control. For example, significant growth in assets under management will not in isolation deliver a higher variable pay award unless supported by other positive factors, and the inverse.

The factors considered each year by the Remuneration Committee include at a Group level:

– Financial performance, including that reported results are a fair reflection of underlying performance and the Company's liquidity and overall financial position;
– The overall bonus pool available in the period, including within that, the sum required to fund bonuses for staff other than the Executive Directors and senior management, at an appropriate level to ensure retention and an appropriate level of reward;
– Input from the Heads of Risk and Compliance regarding organisational performance in these areas over the year, in order that that the Remuneration Committee may consider any ex-ante bonus pool adjustments; and
– Progress in relation to the Group's strategic objectives.

To assist with the assessment of the senior managers and Executive Directors at an individual level, examples of the factors considered each year by the Remuneration Committee are:

– The annual appraisals or short-term performance measures for each individual, assessing their overall achievements, impact and contribution through the performance year;
– Group earnings before interest and taxes;
– Absolute and relative investment performance for each investment theme over one, three and five years;
– Movement in assets under management, with detailed reporting on subscriptions and redemptions by investment theme, client type and geography;
– Movement in management fee margins;
– FX, treasury and seed capital management outcomes;
– Cost management;
– Subsidiary, local asset management and joint venture development;
– Employee turnover, retention of key employees, recruitment and succession planning;
– Culture and Conduct Risk indicators;
– Compliance with relevant regulatory and corporate governance requirements;
– Management of the impact of in-year events e.g. for the 2018/19 year, Brexit;
– Quality, accuracy and timeliness of financial reporting; and
– Whether any instances have occurred that may warrant the application of malus or clawback to previously granted awards.

The Remuneration Committee considers these inputs and applies its judgement to determine the appropriate remuneration outcomes for the business, Executive Directors and senior managers and each relevant individual for that year. The Remuneration Committee's assessment of the Executive Directors for the most recent performance year can be seen on pages 70 to 77, and the resulting remuneration outcomes can be seen in the summary 'at a glance' information on page 79 and in more detail in the statutory single figure tables on page 84.

Use of discretion aligns remuneration with strategy

I believe that it is important to emphasise that the Remuneration Committee is willing and able to use its discretion when determining awards. On several occasions it has either reduced awards from levels that would have been justified purely by reference to operating and other performance measures, or set them at zero to reflect the overall business performance at particular points in the cycle. When taken together with the low fixed salary cap, this means that senior manager and Executive Director remuneration is genuinely aligned with the Group's overall performance and shareholders' experience through market cycles.

This approach ensures that annual remuneration outcomes are aligned with Ashmore's long-term growth strategy and allows for significant flexibility in the Group's operating costs in the face of varying revenue levels through market cycles. Consequently, Ashmore is able to deliver high profitability and cash generation for shareholders even at the low point of an Emerging Markets cycle, whilst also delivering high levels of employee retention.

This year's report is split into four sections to enable ready access to information which may be of specific interest to investors:

1. The Remuneration Committee's assessment of the Executive Directors performance for the year ending 30 June 2019, including the key metrics behind that assessment;
2. An 'at a glance' summary, detailing this year's remuneration outcomes for the CEO and GFD;
3. A summary of the key features of the Directors' Remuneration Policy which was approved by more than 85% of shareholders at the October 2017 AGM. The full policy is available in the 2018 annual report and accounts on pages 56 to 60, available on the Company's website at www.ashmoregroup.com; and finally
4. The Annual Report on Remuneration, which explains how the Remuneration Policy has been applied during the year and which will be subject to an advisory vote at the Annual General Meeting in October 2019.

I would also like to thank our shareholders for approving the Ashmore Group plc's Directors' Remuneration Policy in 2017, and together with my colleagues on the Remuneration Committee I would welcome your support for the 2019 Directors' Remuneration Report.

Dame Anne Pringle DCMG
Chair of the Remuneration Committee

Activities of the Remuneration Committee

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

- Dame Anne Pringle (Chair from 19 October 2018)
- Clive Adamson (Chair until 19 October 2018)
- David Bennett
- Jennifer Bingham (member from 19 October 2018)
- Peter Gibbs (member until 19 October 2018)

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 five times during the year. The Director's attendance at the Remuneration Committee meetings is set out in the table on page 93.

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.

Ashmore's approach to remuneration

The Remuneration Committee is guided by a clear set of remuneration principles…

1 DISCRETION AND FLEXIBILITY

Variable remuneration is not formulaic or capped at an individual level and as such the Remuneration Committee has complete discretion to ensure that awards reflect business and individual performance.

Malus and clawback may be applied by the Remuneration Committee to all elements of variable remuneration.

The Remuneration Committee is able to apply an ex-ante risk adjustment to the bonus pool to reflect any concerns arising.

2 ALIGNMENT WITH STAKEHOLDERS

Base salaries are capped and set at the lower end of market levels to ensure fixed costs are tightly controlled.

On an annual basis the bonus pool is derived solely from profits made in the year and has been capped at 25% of earnings before variable compensation, interest and tax.

Up to 77% of variable remuneration is delivered in Ashmore Group plc shares, restricted and deferred for five years.

A significant proportion of Executive Directors variable remuneration will only vest subject to the achievement of stretching performance targets, closely aligned with the Group's Key Performance indicators.

3 CONSISTENCY ACROSS THE GROUP

The Remuneration Policy applies to all Ashmore Group plc employees, including Executive Directors, which is a material factor in defining and shaping both the Remuneration Policy and Ashmore's culture as an organisation.

Executive Directors receive the same level of pension contributions as other employees.

4 PAY FOR LONG-TERM PERFORMANCE

The Remuneration Committee considers the performance of Executive Directors and senior managers over the long term, taking account of progress over a multi-year period and annual performance in the context of the business and progress made towards both its strategic objectives and its key performance indicators.

Vesting of awards, which are subject to performance conditions, is subject to a five-year performance period.

…with a comprehensive approach to determining variable pay outcomes…

The Remuneration Committee determines annual bonus awards based on a balanced scorecard of factors at both the Group and individual level, and applies discretion rather than a formulaic approach in order to deliver outcomes which reflect the best value for shareholders. Factors considered include:

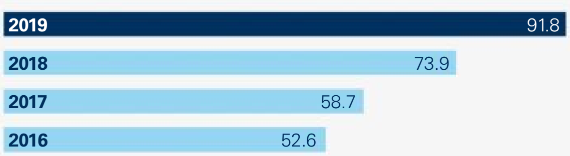
- Group financial performance;
- The overall bonus pool available in the period;
- Input from the Group Heads of Risk and Compliance regarding organisational performance in these areas over the year;
- Progress in relation to the Group's strategic objectives;
- Annual appraisals or short-term performance measures for each individual, assessing their overall achievements, impact and contribution through the performance year;
- Absolute and relative investment performance for each investment theme over one, three and five years;
- Movement in assets under management;
- Movement in management fee margins;
- FX, treasury and seed capital management outcomes;
- Cost management;
- Subsidiary, local asset management and joint venture development;
- Employee turnover, retention of key employees, recruitment and succession planning;
- Culture and Conduct Risk indicators;
- Compliance with relevant regulatory and corporate governance requirements;
- Management of the impact of in-year events;
- Quality, accuracy and timeliness of financial reporting; and
- Whether any instances have occurred that may warrant the application of malus or clawback to previously granted awards.

…underpinned by consistent key performance indicators and strategic priorities…

Vesting of restricted share awards is contingent on meeting stringent long-term performance conditions, clearly aligned with the achievement of the Group's strategic objectives and key performance indicators.

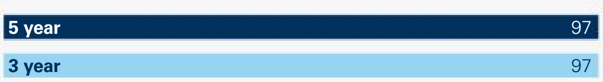
AuM DEVELOPMENT

Compound increase in AuM



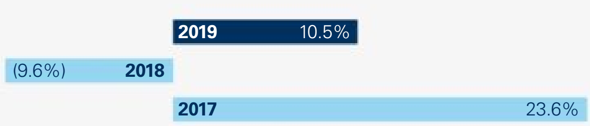
INVESTMENT PERFORMANCE

% of AuM outperforming benchmarks



PROFITABILITY

Diluted EPS performance relative to Emerging Markets Indices



…delivering a strong equity ownership culture

To encourage and maintain Ashmore's equity ownership culture, employees and Executive Directors may elect to reduce their annual cash bonus by up to 50%, and in exchange receive an equivalent value of restricted shares, which are in turn matched with a further award of restricted shares.

The remuneration model generates strong retention for employees, who are able to build up a meaningful shareholding in the firm over time, thus aligning them with the long-term interests of our clients, shareholders and their colleagues, while also complying with relevant remuneration regulations.

The five-year deferral and cliff vesting of share awards also provides a smoothing of income over time which again aids retention of employees through market cycles.

46%

Approximately 46% of outstanding shares are either owned directly or as restricted share awards by all employees, who average seven years of service

Performance assessment of Executive Directors for the year ending 30 June 2019

Factors the Remuneration Committee considers at a Group level

Group financial performance, including that reported results are a fair reflection of underlying performance and the Company's liquidity and overall financial position

Quantitative or qualitative:	Quantitative
Financial or Non-Financial:	Financial

Ashmore's business model delivered an 11% growth in adjusted net revenues and 10% growth in adjusted EBITDA generated through a 17% growth in net management fee income, maintaining an adjusted EBITDA margin of 66%. Reflecting the strong growth in profit before tax and a lower effective tax rate compared to the prior year, diluted EPS increased by 18% to 25.0p. The Group's strong and liquid balance sheet was maintained with capital resources of £678.6 million and excess regulatory capital of £557.6 million.

The Remuneration Committee is satisfied the Group has been profitable over the period and has sufficient funds available to pay staff bonuses without any negative impact to the Company's liquidity and overall financial position.

The overall bonus pool available in the period, including within that, the sum required to fund bonuses for staff other than the Executive Directors and senior management, at an appropriate level to ensure retention and an appropriate level of reward

Quantitative or qualitative:	Quantitative
Financial or Non-Financial:	Financial

The Awards Committee, which is chaired by the Chief Executive Officer and which receives significant input from the Human Resources department and line managers, proposes to the Remuneration Committee a total sum to be made available for annual bonuses. The aggregate sum is reached through a thorough process which includes:

All employees taking part in an annual appraisal and performance review process during which their individual performance is assessed by line managers, and reviewed by relevant senior management.

The Human Resources team performs a detailed annual benchmarking exercise, reviewing data from a number of external providers to determine current market ranges for individual roles, including for the Executive Directors. This takes into account Ashmore's overarching pay model within which basic salaries are capped, and so greater attention is paid to total compensation levels than base salaries as employee remuneration levels increase.

Line managers, in conjunction with Human Resources, review individual employees in the context of their personal performance, benchmarking data points and business performance and will propose bonus sums to the Awards Committee.

The Human Resources team aggregates bonus proposals in order to determine total proposed spend.

For those employees whose variable remuneration is determined by the Remuneration Committee detailed proposals and supporting information, including copies of the employees' annual appraisals, is provided to the Remuneration Committee to assist in its determination of both individual bonuses and the total bonus pool required.

Once the Remuneration Committee determines the overall bonus pool, individual bonuses for Executive Directors and senior managers are then determined by the Remuneration Committee to ensure that the total amount proposed fits within the total sum available for distribution.

Overall business performance has been positive relative to last year, however the Remuneration Committee remains prudent in its approach and so has decided that the bonus pool should be set below the potential maximum of 25%, at 22.5%.

The Remuneration Committee has considered and determined variable remuneration outcomes for the senior management team and Executive Directors, and has reviewed and approved remuneration proposals for all Control Function employees (Risk, Compliance and Audit).

In considering the sums required for these groups, the Remuneration Committee has also discussed remuneration outcomes for all other employees with the management team and has satisfied itself that there remains sufficient funding to retain and reward employees appropriately within the agreed 22.5% bonus pool.

Input from the Global Heads of Risk and Compliance regarding organisational performance in these areas over the year, in order that the Remuneration Committee may consider any ex-ante bonus pool adjustments

Quantitative or qualitative:	Qualitative and Quantitative
Financial or Non-Financial:	Non-Financial

The Remuneration Committee received a report, provided to the Board's Audit and Risk Committee, detailing the measures undertaken by the Company in regard to ensuring that all compliance and risk management processes have been adhered to, and highlighting any issues that the Global Heads of Risk and Compliance felt should be brought to the attention of the Remuneration Committee.

There have been no matters of concern during the period that would warrant the Remuneration Committee considering reducing the potential bonus pool available for staff awards for the year ending 30 June 2019.

Progress in relation to the Company's strategic objectives

Quantitative or qualitative:	Qualitative and Quantitative
Financial or Non-Financial:	Financial and Non-Financial

Phase 1: Establish Emerging Markets asset class

Ashmore's position as a specialist, active investment manager and leading proponent of the Emerging Markets means that it has captured investors' rising allocations to the Emerging Market asset class, as represented by 24% growth in assets under management over the year.

Phase 2: Diversify investment themes and developed world capital sources

1. In a period of strong asset growth, the focus on diversifying the client base through intermediary retail channels increased AuM sourced through the intermediary channel by 29%, with retail clients now representing US$12.7 billion or 15% of the total assets under management.
2. The client base continues to be broadly diversified geographically and a focus on the US business has delivered strong asset growth with progress made in both institutional and retail markets, with the Americas now being the largest source of client assets at 26% of AuM.
3. Product development is important to underpin future growth, and in the year the Group continued to diversify its product range and deploy seed capital into new strategies such as a low-volatility local currency bond fund, various equity funds, and an ESG fund. AuM managed in the alternatives theme has increased from US$1.5 billion to US$1.6 billion, in part following the acquisition of a majority stake in a Colombian real estate business.

Phase 3: Mobilise Emerging Markets capital

1. Local platforms' AuM grew in the year to US$5.3 billion AuM, all contributing positively to operating profits. As an example Indonesia increased AuM by 20% over the year to US$2.0 billion.
2. The proportion of investors in global Emerging Markets products based in Emerging Markets has increased by 14% to nearly US$28 billion, representing 30% of Group AuM.

Factors the Remuneration Committee considers as indicators of in-year performance

Group earnings before interest and taxes (EBIT)

Quantitative or qualitative: Quantitative

Financial or Non-Financial: Financial

2017/18: £176.5m

2018/19: £202.8m

Absolute and relative investment performance for each of the principal investment themes over one, three and five years

Quantitative or qualitative: Quantitative

Financial or Non-Financial: Financial

Absolute performance by theme

% AuM outperformance within each theme as at 30 June 2019

By AuM	1 year
External debt	85%
Local currency	100%
Corporate debt	89%
Blended debt	87%
Equities	69%
Multi-asset	100%
Total	**90%**

By AuM	3 year
External debt	100%
Local currency	100%
Corporate debt	79%
Blended debt	100%
Equities	100%
Multi-asset	100%
Total	**97%**

By AuM	5 year
External debt	87%
Local currency	99%
Corporate debt	100%
Blended debt	100%
Equities	100%
Multi-asset	100%
Total	**97%**

The majority of the Group's AuM is outperforming benchmarks with 90% of AuM outperforming over one year, 97% over three years and 97% over five years.

Relative performance by theme (quartiles)

	1 year	3 year	5 year
External debt	Q1	Q1	Q1
Local currency	Q1	Q1	Q1
Corporate debt	Q4	Q1	Q1
Blended debt	Q1	Q1	Q1
Frontier Markets equity	Q1	Q1	Q1
All Cap Emerging Markets equity	Q2	Q1	Q1
Active equity	Q1	Q1	Q1
Multi-asset	There is no relevant Multi-asset peer group		

Investment performance relative to peers is strong in all themes over three and five years, and in all other themes than corporate debt over one year.

Movement in assets under management for each of the principal investment themes

Quantitative or qualitative: Quantitative

Financial or Non-Financial: Financial

Opening AuM at 30 June 2018 was US$73.9bn

Year end AuM was US$91.8bn

	AuM 30 June 2018 US$bn	Performance US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	Reclassification/ other US$bn	**AuM 30 June 2019 US$bn**
External debt	14.5	1.9	4.1	(1.7)	2.4	0.3	**19.1**
Local currency	17.0	1.6	4.1	(1.8)	2.3	(1.2)	**19.7**
Corporate debt	9.8	0.9	8.1	(3.3)	4.8	–	**15.5**
Blended debt	19.7	2.2	3.6	(2.4)	1.2	1.2	**24.3**
Equities	4.2	0.3	1.5	(1.9)	(0.4)	0.3	**4.4**
Multi-asset	1.0	0.1	0.1	(0.1)	–	(0.6)	**0.5**
Alternatives	1.5	(0.1)	0.1	(0.2)	(0.1)	0.3	**1.6**
Overlay/liquidity	6.2	–	2.1	(1.6)	0.5	–	**6.7**
Total	**73.9**	**6.9**	**23.7**	**(13.0)**	**10.7**	**0.3**	**91.8**

The period has been one of strong asset growth (US$23.7bn gross inflows / US$10.7bn net inflows).

Movement in management fee margins

Quantitative or qualitative: Quantitative

Financial or Non-Financial: Financial

2017/18: 49bps

2018/19: 48bps

The movement in management fee margin reflects the impact of new large mandates and incremental allocations to existing large segregated accounts (-1.5bps), largely offset by positive mix effects (+1bp), particularly the growth in higher margin corporate debt and alternatives AuM, and the increase in intermediary retail AuM.

FX, treasury and seed capital management outcomes

Quantitative or qualitative:	Quantitative
Financial or Non-Financial:	Financial

During the financial year, the Group made new seed investments of £108.3 million and successfully redeemed £77.8 million of previous investments. After positive market movements of £19.0 million, the market value of the Group's seed capital investments increased from £228.3 million to £277.8 million. Ashmore has also committed £21.2 million of seed capital to funds that was undrawn at the period end, giving a total committed value for the seed capital programme of £299.0 million. The seed capital programme generated a pre-tax profit of £10.7 million for the year (FY2017/18: £10.1 million), comprising positive market and other movements of £9.8 million and a foreign exchange translation gain of £0.9 million (FY2017/18: £14.0 million gain and £3.9 million loss, respectively). The realised gain was £2.4 million (FY2017/18: £5.0 million).

Revenues include an £11.3 million foreign exchange gain, delivered through active management of the Group's sterling and foreign currency balances.

Cost management

Quantitative or qualitative:	Quantitative
Financial or Non-Financial:	Financial

Total operating costs of £115.8 million (FY2017/18: £100.4 million) include £3.3 million (FY2017/18: £1.1 million) of consolidated fund expenses. Excluding these costs, statutory operating expenses increased by only 13% compared with the prior year as a direct result of Ashmore's flexible remuneration model and ongoing cost control. This movement comprises: £9.1 million of variable remuneration consistent with Ashmore's strong operating and financial performance this year; the AshmoreAVENIDA acquisition that added £2.8 million; and like for like inflation of £1.3 million primarily reflecting foreign exchange translation as Sterling fell over the period.

Subsidiary, local asset management and joint venture development

Quantitative or qualitative:	Qualitative and Quantitative
Financial or Non-Financial:	Financial and Non-Financial

The portfolio of local market businesses is now delivering good growth and all platforms are profitable. Aggregate AuM of subsidiaries is now in excess of US$5 billion. Indonesia and Colombia in particular are scaling well, and Saudi Arabia is also developing profitably despite a difficult macro environment. The AshmoreAVENIDA acquisition completed in July 2018, with integration work successfully undertaken during the review period.

Employee turnover, retention of key employees, recruitment and succession planning

Quantitative or qualitative:	Quantitative
Financial or Non-Financial:	Non-Financial

The Group's headcount increased by 54 to 307 employees (30 June 2018: 253 employees). The increase in headcount is primarily related to the acquisition of AshmoreAVENIDA during the period which added 23 Investment Management employees and 19 other employees involved in the management of real estate projects. The remaining increase in headcount mainly relates to the establishment of the Group's office in Ireland and small increases in headcount in the local platforms. Whilst average headcount increased by 16%, fixed staff costs of £26.5 million were only 10% higher than the prior year given the nature of the acquired business in Colombia.

Employee turnover remained low, with unplanned turnover for the Group excluding the subsidiaries at 5.5% (FY2017/18: 6.2%) and at 9.5% including the subsidiaries (FY2017/18: 8.5%), the increase including subsidiaries reflecting the different nature of the employment environments the Group operates in.

All key employees were retained during the period. Succession plans are in place for all key positions.

The Group has been successful in its recruitment activities, and has been able to hire experienced and appropriately qualified staff where and when required.

The Finance, Corporate Development, Investor Relations, Company Secretarial and Facilities departments, managed by the Group Finance Director, have been managed effectively throughout the period, with effective succession planning and internal promotions occurring in a number of departments.

The Remuneration Committee is satisfied that the Group is managed effectively and adequately resourced.

Culture and Conduct Risk indicators

Quantitative or qualitative:	Quantitative
Financial or Non-Financial:	Non-Financial

The Remuneration Committee reviews a dashboard of indicators on an annual basis which seek to measure and monitor aspects of organisational culture. During the period 22 indicators were reported on under the headings of 'tone from the top', incentive structures and remuneration, effectiveness of management and governance and individual accountability. There were no matters of concern arising during the period that would warrant the Remuneration Committee questioning the management of the Group or indicating poor organisational culture or conduct risks.

Compliance with relevant regulatory and corporate governance requirements

Quantitative or qualitative:	Qualitative and Quantitative
Financial or Non-Financial:	Non-financial

The Group has in place an effective governance framework and has sufficiently independent and adequately resourced control functions, which have operated effectively over the period. The Remuneration Committee is satisfied that all relevant regulatory and corporate governance requirements have been met appropriately.

Management of the impact of in-year events

Quantitative or qualitative:	Qualitative and Quantitative
Financial or Non-Financial:	Financial and Non-Financial

The Remuneration Committee members are confident, through their interactions with members of the management team and through the regular reporting received, that the business has reacted appropriately to events arising through the year. During the period the most material organisational change was the establishment of Ashmore Investment Ireland Limited in Dublin, to enable continued access to EU-based clients after the UK has left the EU. The Remuneration Committee is satisfied that the management team responded in an appropriate and timely manner, and delivered an effective outcome for the Group.

The Investment Committees maintained active investment management activities effectively through the period, continuing to respond to macro and market events, and in turn delivering strong relative and absolute investment performance to clients.

Quality, accuracy and timeliness of financial reporting

Quantitative or qualitative:	Quantitative
Financial or Non-Financial:	Financial

The financial reporting delivered to the Board and its Committees and to senior management has continued to be appropriate and accurate, with notable enhancements delivered during the period; increasing regularity facilitating greater scrutiny of operating costs; and increased automation of reporting increasing scalability and accuracy.

Whether any instances have occurred which may warrant the application of malus or clawback to previously granted awards

Quantitative or qualitative:	Qualitative and Quantitative
Financial or Non-Financial:	Financial and Non-financial

Having reviewed all of the information provided to it, the Remuneration Committee has determined that there is no cause to apply malus or clawback to any previously granted awards.

The Remuneration Committee considered the qualitative and quantitative inputs provided to it by the management team across the range of areas detailed above and, to assist investors in understanding their decision making, summarises their assessment of performance as follows:

Chief Executive Officer

The CEO's short-term performance measures are based 75% on financial performance measures including maintaining and increasing EBIT, maintaining and increasing AuM and effectively managing investment performance to deliver consistent growth relative to each investment theme; and 25% on non-financial management performance, including strategy development and implementation, recruitment, staff turnover and succession planning and regulatory and compliance adherence.

The financial measures represent the greater proportion of the measures considered by the Remuneration Committee in determining annual remuneration, in order that there is a clear alignment of annual incentives with the Group's key performance indicators and the delivery over time of value for shareholders.

During the period, the CEO has overseen positive developments in all areas of business financial performance, with a significant increase in AuM, strong investment performance over one, three and five years and an increase in operating profit.

The Remuneration Committee has also considered the CEO's role in the Group's continued successful execution of its consistent three phase strategy, and has determined that he remains a very effective leader for the Group, instilling a strong focus on delivering performance over time for clients and shareholders.

Finally, the Remuneration Committee's assessment of achievement relative to the balanced scorecard of non-financial performance measures, confirmed to it that the business remains well run and effectively managed, including an ongoing and disciplined focus on controlling operating costs and a clear focus on the importance of maintaining organisational culture.

The Remuneration Committee has considered these inputs and has determined that the CEO will be awarded an annual bonus of £3,000,000 for his performance during the year ending 30 June 2019.

Group Finance Director

The GFD's short-term performance measures are based 35% on his management of the departments which report to him (Finance, Corporate Development, Investor Relations, Company Secretarial and Facilities); 30% on his management of subsidiary business activities outside the UK, including joint ventures, focused on business growth and development of profitability and scale, integration of offices and effectiveness of joint venture relationships; 30% on contribution to the development and implementation of strategic goals and increasing value for shareholders; and 5% on investor relations and communication, broadening the shareholder base and communicating effectively with external parties, the Board and all other relevant stakeholders.

In the Remuneration Committee's assessment, the GFD has been very effective in his role during the period managing well across a broad scope of activities.

There have been a number of developments in the departments he is responsible for, with effective personnel changes and improvements delivered in regard to reporting and controls. The subsidiary businesses have continued to become an ever more important part of the Group's activities and the GFD has dedicated increasing time and focus to them, ensuring effective management, communication and integration of operations, including the establishment of Ashmore Ireland and the integration of AshmoreAVENIDA.

Management of cash resources, FX and tax efficiency have had a material positive financial benefit for the Group during the period, as has a continued focus on managing operating costs.

The Remuneration Committee has considered these inputs and has determined that the Group Finance Director will be awarded an annual bonus of £1,000,000 for his performance during the year ending 30 June 2019.

At a Glance

for the year ending 30th June 2019

Regulatory considerations for the year ending 30 June 2019

For remuneration relating to the year ending 30 June 2019, 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 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 on page 84.

Consideration of malus and clawback for the year ending 30 June 2019

A malus and clawback principle applies to variable remuneration awarded to senior staff including Executive Directors, enabling the Remuneration Committee to recoup variable remuneration under certain circumstances. Malus and 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, or via the repayment of amounts to the Company. The Remuneration Committee considered there were no events or circumstances that would have made it appropriate to recoup remuneration during the year ending 30 June 2019.

Impact of Rule 9 of the Takeover Code on the Chief Executive's remuneration

The combination of the Chief Executive's level of equity ownership, 38% as at 30 June 2019, the FCA's remuneration code requirement to deliver a proportion of variable pay in shares and Rule 9 of the Takeover Code (Rule 9) has had a significant negative impact on his remuneration.

In recent years Ashmore has had to apply for and explain a very specific waiver from Rule 9 annually at the Company's AGM. Rule 9 is designed to protect shareholders in the event that a significant shareholder (i.e. one owning more than 29.99% of a company) seeks to gain creeping control of a company. This waiver is necessary in order for Ashmore to be able to buy back shares as a capital management tool without the resulting pro rata increase in the Chief Executive's shareholding triggering a mandatory takeover offer.

From a remuneration perspective, Rule 9 has also meant that for every share awarded to the Chief Executive through his annual variable compensation awards, he has been forced to dispose of a share to avoid increasing his overall shareholding, and thus triggering a mandatory takeover offer.

This has to date been achieved by the Chief Executive making donations to charity each year of at least an equivalent number of shares.

This pattern of activity and / or disposals into the market will remain necessary until such time as the Chief Executive's interest in shares falls below 29.99%, or the regulatory position changes.

At a glance

For ease of reference, page 79 gives a summary of this year's remuneration outcomes, which have been delivered under the current Remuneration Policy, approved in 2017.

The Remuneration Committee's assessment of the Executive Directors' performance for the year ending 30 June 2019 is detailed on pages 70 to 77.

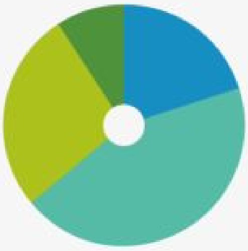
The Chief Executive's remuneration outcomes

The Chief Executive has voluntarily elected to defer for five years the maximum 50% of his cash bonus into an equivalent value of restricted shares, and as a result will receive a matching restricted share award.

The Chief Executive's annual bonus comprising cash and restricted share awards at grant value, prior to any waivers to charity he may choose to make, increased from £2,600,000 (FY2017/18) to £3,900,000.

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 £1,050,000 of this sum may not be paid out when the share awards vest in 2024.

Shares awarded to the Chief Executive in 2013 reached their vesting date during the year ending 30 June 2019. After the application of stretching performance conditions 30% of the awards vested, at a value of £812,312 whilst the remaining 70% (£1,879,806) lapsed. In addition, the Chief Executive received £184,861 in dividend equivalents which were rolled up and paid to the extent the underlying awards vested.



Annual cash bonus	20%
Annual bonus deferred into equity	44%
Annual bonus deferred into equity, with additional performance conditions	27%
Annual bonus waived to charity or for the general benefit of employees	9%

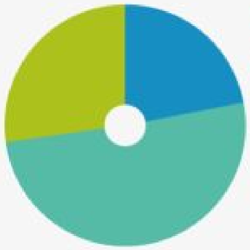
The Group Finance Director's remuneration outcomes

The Group Finance Director has voluntarily elected to defer for five years the maximum 50% of his cash bonus into an equivalent value of restricted shares, and as a result will receive a matching restricted share award.

The Group Finance Director's annual bonus comprising cash and restricted share awards at grant value increased from £950,000 (FY2017/18) to £1,300,000.

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 up to £350,000 of this sum may not be paid out when the share awards vest in 2024.

Shares awarded to the Group Finance Director in 2013 reached their vesting date during the year ending 30 June 2019. These awards were not subject to performance conditions as they were awarded prior to his appointment as an Executive Director.



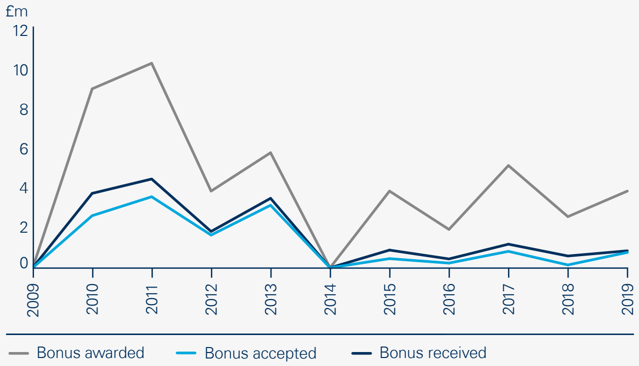
Annual cash bonus	22%
Annual bonus deferred into equity	51%
Annual bonus deferred into equity, with additional performance conditions	27%

The Chief Executive was not awarded a bonus by the Remuneration Committee in 2014, reflecting business performance at the time and the Remuneration Committee's strict application of its discretion, and so there are no shares awarded to the Chief Executive in 2014, due to vest in 2019.

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.

Chief Executive Officer – variable remuneration outcomes over time

The chart below shows variable remuneration awarded to the CEO each year between 2009 and 2019. As can be seen, the Remuneration 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]



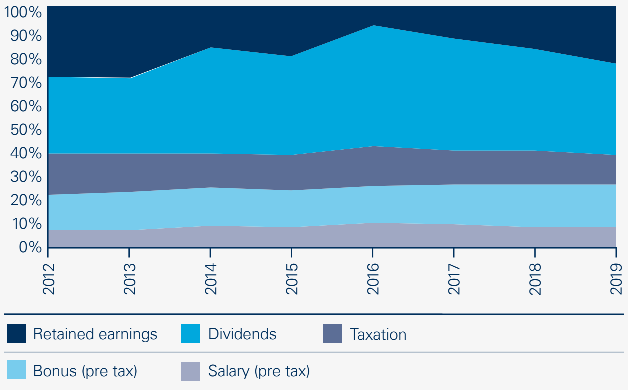
Bonus awarded – includes cash paid in the year and restricted, bonus and matching shares at grant value

Bonus received – includes cash paid in the year and the vesting value of any shares five 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 between 2010 and 2013 which vested between 2015 and 2018. No shares were awarded in 2009 or 2014 to reflect business performance and the Remuneration Committee's application of strict discretion. The chart will be updated in future years to show the vesting outcomes for shares awarded from 2015 onwards.
2. Dividends includes the estimated cost of the proposed final dividend for FY2018/19.

Summary of the Remuneration Policy

The current Remuneration Policy was approved by a binding shareholder vote in October 2017, and is set out in full on pages 57 to 60 of the 2018 Annual Report. For ease of reference a summary of the key elements is shown below.

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 Remuneration Committee to set suitable performance conditions each year for each award type. The performance condition for the most recent awards was a combination of:

- 33% investment outperformance; relative to the relevant benchmarks over three and five years.
- 33% growth in AuM; a compound increase in AuM over the five-year performance period.
- 33% 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 Remuneration 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

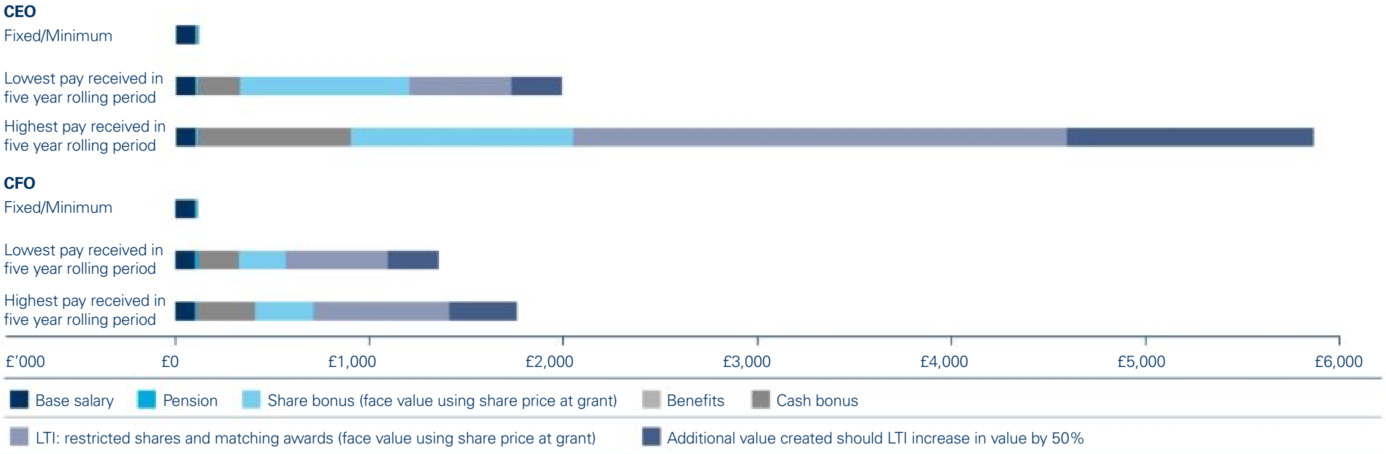
Existing Executive Directors are required to build up a shareholding equivalent to 200% of salary over the three-year period from October 2017, and from the first five-year vesting date for newly appointed Executive Directors.

Reward scenarios

The Company's Remuneration 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 Remuneration 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, Figure 2 shows the minimum (fixed) remuneration alongside the highest and lowest variable pay awards in a rolling five-year period. The variable pay awards are shown assuming full vesting five years later of the long-term incentive components based on achievement relative to the performance conditions, both at the grant price and also with 50% share price growth.

Figure 2
Executive Director total remuneration at different levels of performance (£'000)



Malus and clawback

One aspect of feedback received from the Board's interactions with investors was the request to include greater disclosure in regard to the malus and clawback provisions the Company has in place, both for Executive Directors and other employees who receive deferred remuneration. These arrangements have been in place for a number of years and so are not a new feature of the Remuneration Policy, but are explained in greater detail below.

The Remuneration Committee has the discretion to apply malus and clawback provisions to all elements of variable remuneration, including to unvested equity awards made in prior periods.

The Remuneration Committee may choose to exercise this discretion for a number of reasons, for example:

- a material misstatement of the Company's or any other Group company's financial results;
- an error in assessing a performance condition applicable to an award or in the information or assumptions on which the award was granted or vests;
- a material failure of risk management by the Company, any other Group company or a relevant business unit;
- serious reputational damage to the Company, any other Group company or a relevant business unit;
- misconduct on the part of the participant; or
- any other circumstances which the Remuneration Committee in its discretion considers to be similar in their nature or effect.

The Remuneration Committee may, in its discretion, determine at any time prior to the sixth anniversary of the date of grant or such longer period as the Remuneration Committee determines is required by any applicable law or regulation to:

- reduce or extinguish the number of shares to which an award relates;
- cancel an award;
- impose further conditions on an award;
- impose further restrictions on the shares subject to an award;
- require a participant to make a cash payment to the Company in respect of some or all of the shares or cash delivered to him under the award and the basis on which the amount of cash or shares is calculated including whether and if so to what extent to take account of any tax or social security liability applicable to the award; and/or
- require a participant to transfer for nil consideration some or all of the shares delivered to him under the award.

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 3

Remuneration for the year ending 30 June 2019 – audited information

The table below sets out the remuneration received by the Directors in the year ending 30 June 2019.

		Executive Directors		Non-executive Directors				
		Mark Coombs [1, 4, 7, 8, 9, 11]	Tom Shippey [1, 7, 11]	Clive Adamson	David Bennett [2]	Jennifer Bingham	Peter Gibbs [10]	Dame Anne Pringle DCMG
Salary and fees	**2019**	**100,000**	**100,000**	**82,013**	**130,583**	**60,000**	**46,154**	**70,519**
	2018	100,000	100,000	67,500	79,998	231	150,000	60,000
Taxable benefits	**2019**	**7,627**	**2,395**	**–**	**2,631**	**–**	**–**	**–**
	2018	8,293	2,491	–	1,295	–	–	–
Pensions	**2019**	**9,000**	**10,000**	**–**	**–**	**–**	**–**	**–**
	2018	9,000	10,000	–	–	–	–	–
Cash bonus	**2019**	**781,200**	**288,000**	**–**	**–**	**–**	**–**	**–**
	2018	121,277	432,000	–	–	–	–	–
Voluntarily deferred share bonus[5]	**2019**	**817,200**	**300,000**	**–**	**–**	**–**	**–**	**–**
	2018	544,800	75,000	–	–	–	–	–
Mandatorily deferred share bonus[6]	**2019**	**892,800**	**362,000**	**–**	**–**	**–**	**–**	**–**
	2018	595,200	230,500	–	–	–	–	–
Total bonus	**2019**	**2,491,200**	**950,000**	**–**	**–**	**–**	**–**	**–**
	2018	1,261,277	737,500	–	–	–	–	–
Long-term incentives vesting[3]	**2019**	**997,173**	**–**	**–**	**–**	**–**	**–**	**–**
	2018	–	–	–	–	–	–	–
Total for year ending 30 June 2019[12]	**2019**	**3,605,000**	**1,062,395**	**82,013**	**133,214**	**60,000**	**46,154**	**70,519**
Total for year ending 30 June 2018	2018	1,378,570	849,991	67,500	81,293	231	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 share awards with performance conditions where the performance period has ended in the relevant financial year plus the value of any dividend equivalents.
4. In respect of the year ending 30 June 2019, 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 in the form of phantom share awards; 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 2019 would have been £2,400,000 (2018: £1,600,000).
5. Mark Coombs and Tom Shippey may voluntarily defer 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 chose to commute 50% of his cash bonus pre-waiver in both 2018 and 2019 for an equivalent amount of bonus share awards. Tom Shippey chose to commute £75,000 of his cash bonus in 2018 and 50% of his cash bonus in 2019 for an equivalent value in bonus share awards. Bonus shares are deferred for five years with no service condition attached.
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 2019, the value of this award for Mark Coombs was £36,000 (2018: £24,000) and for Tom Shippey was £12,000 (2018: £18,000).
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. Peter Gibbs stepped down from the Board on 19 October 2018.
11. Mark Coombs receives cash in lieu of a pension contribution. Tom Shippey's pension contribution includes an employee contribution via salary sacrifice; in 2019 this was £500 (2018: £500).
12. 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 £1,671,122 in 2019.

For additional information, Figure 4 shows the history of financial results for the last five years.

Figure 4
Five-year summary of financial results

	2019	2018	2017	2016	2015
AuM US$ billion (at period end)	**91.8**	73.9	58.7	52.6	58.9
Operating profit £ million	**202.8**	176.5	166.8	137.9	181.0

Figure 5
Long-term incentive awards made during the year ended 30 June 2019 – 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	218,342	14 September 2018	£3.3269	£726,402	726%	13 September 2023
Mark Coombs[1, 2]	Matching shares	163,757	14 September 2018	£3.3269	£544,803	544%	13 September 2023
Tom Shippey[2]	Restricted shares	105,204	14 September 2018	£3.3269	£350,003	350%	13 September 2023
Tom Shippey[2]	Matching shares	22,544	14 September 2018	£3.3269	£75,002	75%	13 September 2023

1. In respect of the year ended 30 June 2019, 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 Figure 5 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 8.
3. Based on the five day average share price prior to the grant date.

Long-term incentive awards made during the year ended 30 June 2019 – performance conditions

Figure 5 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:

- 33.3% investment outperformance, relative to the relevant benchmarks over three and five years.
- 33.3% growth in assets under management, demonstrated through a compound increase in AuM over the five-year performance period.
- 33.3% 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 6 and 7 respectively.

Figure 6
Performance conditions' vesting scale

Performance condition	Performance	% of award vesting
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%

Performance and vesting outcome for the Chief Executive's 2013 long-term incentive awards which vested during the year ended 30 June 2019

During the period, shares awarded to Mark Coombs in 2013 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 28.7%, which ranked Ashmore at 7.74 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 20.4%. Therefore 30.23% of the restricted and matching share awards vested.

Performance and vesting outcome for the Group Financial Director's 2013 long-term incentive awards which vested during the year ended 30 June 2019

During the period, shares awarded to Tom Shippey in 2013 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 7
TSR peer group

Company	Country of listing	Company	Country of listing
Aberdeen Asset Management (removed in August 2017)	UK	Henderson Group (removed in May 2017)	UK
Affiliated Managers	USA	Invesco	USA
AGF Management (2013 and 2014 awards only)	Canada	Janus Capital Group (Removed in May 2017)	USA
Alliance Bernstein	USA	Janus Henderson Investors (added in May 2017)	USA & Australia
Azimut (2013 and 2014 awards only)	Italy	Jupiter Fund Management	UK
BlackRock	USA	Man Group	UK
CI Financial Income Fund	Canada	Partners Group Holding (2013 and 2014 awards only)	Switzerland
Eaton Vance	USA	Schroders	UK
Federated Investors	USA	SEI Investments	USA
Franklin Templeton	USA	T Rowe Price	USA
GAM Holding (2015, 2016 and 2017 awards only)	Switzerland	Waddell and Reed	USA

The Remuneration Committee decided to remove relative total shareholder return (TSR) as a vesting condition from July 2018 onwards, based upon its observations over the past decade and combined with external advice, that there are no other listed asset managers dedicated to managing investments in Emerging Markets and therefore whose share price is influenced by particular external macroeconomic factors in the same way as Ashmore's. The TSR peer group therefore relates only to awards granted in 2013, 2014, 2015, 2016 and 2017.

Figure 8

Outstanding share awards

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

Executive	Type of Omnibus award	Date of award	Market price on date of award	Number of shares at 30 June 2018	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2019	Performance period	Vesting/release date
Mark Coombs	RS[1]	17 September 2013	£3.8340	422,536	–	127,732	294,804	–	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	–	95,799	221,103	–	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	121,000	–	–	–	121,000	5 years	15 September 2021
	RS[2]	14 September 2017	£3.2353	–	–	–	–	–	6 months	13 March 2018
	RS[1]	14 September 2017	£3.2353	449,542	–	–	–	449,542	5 years	13 September 2022
	RBS[1]	14 September 2017	£3.2353	337,156	–	–	–	337,156	5 years	13 September 2022
	RMS[1]	14 September 2017	£3.2353	337,156	–	–	–	337,156	5 years	13 September 2022
	RS[2]	14 September 2018	£3.3269	–	7,214	7,214	–		6 months	13 March 2019
	RS[1]	14 September 2018	£3.3269	–	218,342	–	–		5 years	13 September 2023
	RBS[1]	14 September 2018	£3.3269	–	163,757	–	–		5 years	13 September 2023
	RMS[1]	14 September 2018	£3.3269	–	163,757	–	–		5 years	13 September 2023
Total				**2,762,860**	**553,070**	**547,647**	**515,907**	**3,308,716**		

1. In respect of the year ending 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, 30 June 2017 and 30 June 2018 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 2018', 'Granted during year' and 'Number of shares at 30 June 2019' 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.

KEY

RS – Restricted shares

RBS – Restricted bonus shares

RMS – Restricted matching shares

Figure 8 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 2018	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2019	Performance period	Vesting/release date
Tom Shippey	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
	RBS	30 September 2014	£3.0900	43,690	–	–	–	43,690	5 years	29 September 2019
	RMS	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
	RBS	22 September 2015	£2.4278	123,568	–	–	–	123,568	5 years	21 September 2020
	RMS	22 September 2015	£2.4278	123,568	–	–	–	123,568	5 years	21 September 2020
	RS[2]	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
	RBS	16 September 2016	£3.3955	66,265	–	–	–	66,265	5 years	15 September 2021
	RMS	16 September 2016	£3.3955	66,265	–	–	–	66,265	5 years	15 September 2021
	RS[2]	14 September 2017	£3.2353	–	–	–	–	–	6 months	13 March 2018
	RS	14 September 2017	£3.2353	117,455	–	–	–	117,455	5 years	13 September 2022
	RBS	14 September 2017	£3.2353	88,091	–	–	–	88,091	5 years	13 September 2022
	RMS	14 September 2017	£3.2353	88,091	–	–	–	88,091	5 years	13 September 2022
	RS[2]	14 September 2018	£3.3269	–	5,411	5,411	–	–	6 months	13 March 2019
	RS	14 September 2018	£3.3269	–	105,204	–	–	105,204	5 years	13 September 2023
	RBS	14 September 2018	£3.3269	–	22,544	–	–	22,544	5 years	13 September 2023
	RMS	14 September 2018	£3.3269	–	22,544	–	–	22,544	5 years	13 September 2023
Total				**1,248,103**	**155,703**	**185,433**	**–**	**1,222,338**		

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 2018 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
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 2019, the Company had 5.74% 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 Remuneration Policy by shareholders or from the first five-year vesting date for newly appointed Executive Directors.

Figure 9

Share interests of Directors and connected persons at 30 June 2019 – 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	269,439,260	2,316,101	992,615	272,747,976
Tom Shippey[2]	0	878,180	344,158	1,222,338
Non-executive Directors				
Clive Adamson	934	–	–	934
David Bennett	11,619	–	–	11,619
Jennifer Bingham	0	–	–	0
Dame Anne Pringle DCMG	4,127	–	–	4,127

1. Outstanding restricted shares and matching shares awarded in 2014 are subject to performance conditions. Half of the restricted shares and matching shares awarded in 2015, 2016, 2017 and 2018 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 2019. 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 10

Comparison of percentage change in salary, benefits and annual bonus

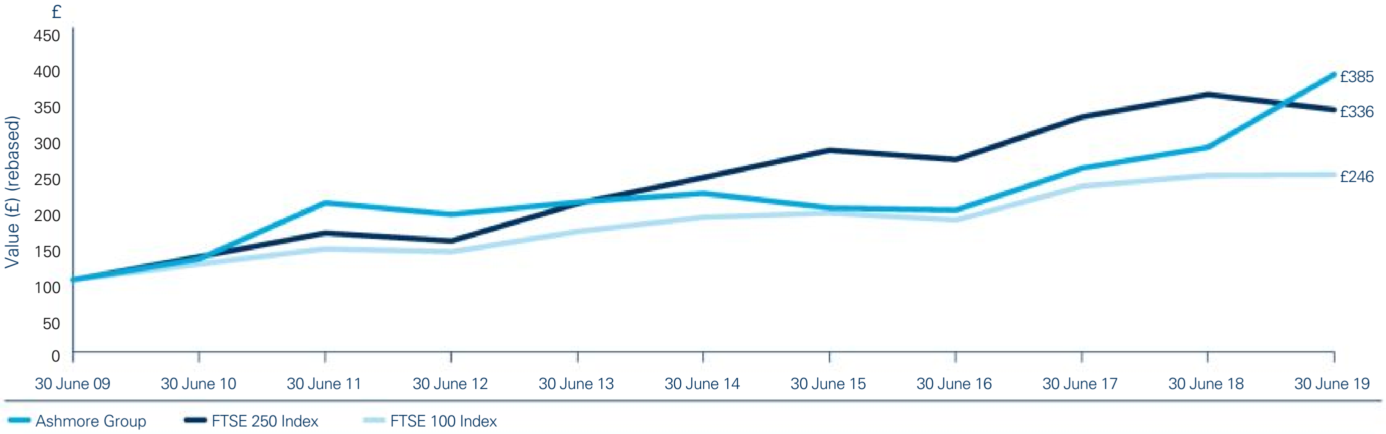
	2018 to 2019 % change
Chief Executive base salary	0%
Relevant comparator employees' base salary	3%
Chief Executive taxable benefits	(8%)
Relevant comparator employees' taxable benefits	(5%)
Chief Executive annual bonus	50%
Relevant comparator employees' annual bonus	10%

Figure 10 compares the percentage change from 2018 to 2019 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 11 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 £385 ten years later, compared with £246 for the same investment in the FTSE 100 index, and £336 for the same investment in the FTSE 250 index.

Figure 11
Total return performance chart to 30 June 2019



This graph shows the value, by 30 June 2019, of £100 invested in Ashmore Group on 30 June 2009, compared with the value of £100 invested in the FTSE 100 and FTSE 250 Indices on the same date.
Source: FactSet

Figure 12 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 share 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 12
Chief Executive

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
2019	£100,000	£7,627	£9,000	£2,491,200	£997,173	30.23%	£3,605,000
2018	£100,000	£8,293	£9,000	£1,261,277	–	–	£1,378,570
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. Performance-related restricted and matching or phantom share equivalent awards vested during the year ending 30 June 2019 plus the value of any dividend equivalents. The sums shown in earlier years relate to dividends or dividend equivalents paid on share or phantom share awards.

Figure 13
Relative importance of spend on pay

Metric	**2019**	2018	2018 to 2019 % change
Remuneration paid to or receivable by all employees of the Group (i.e. accounting cost)	**£82.4m**	£70.3m	17%
Average headcount	**298**	257	16%
Distributions to shareholders (dividends and/or share buybacks)	**£118.3m**	£117.4m	1%

Statement on implementation of the Remuneration Policy in the year commencing 1 July 2019

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

The Remuneration Committee intends to continue to apply broadly the same metrics and weightings to annual variable remuneration in the year ending 30 June 2020 as have been applied in the current period.

Compliance with the 2018 UK Corporate Governance Code and Secondary Legislation

As shareholders will be aware, the 2018 UK Corporate Governance Code and secondary legislation will come into effect for accounting periods beginning on or after 1 January 2019. For Ashmore, this means that we would be required to report against the new Code and secondary legislation in our 2020 Annual Report.

As noted in the Chair's letter, Ashmore is a relatively small UK business from a headcount perspective, and as such falls well below the number of UK employees which would require it to report on the CEO to employee pay ratio or on gender pay matters. The Remuneration Committee recognises the statistical challenges of reporting on these topics with such a small group of employees, where the appointment of a single employee can alter reported percentages. However, the Committee is also cognisant of the importance of equality of pay and opportunity for employees irrespective of gender or other factors, and in reviewing the fixed and variable pay levels of employees will always seek to ensure that pay levels are at appropriate and equitable levels. Ashmore's pay structure, with relatively low, capped, fixed pay ensures that employees are paid within a narrow pay band in respect of basic salary, with variable pay reflecting the performance of both the Company and the individual.

As described in the Chair's letter, Ashmore has had in a place a mechanism for workforce engagement with the Board since 2016 and intends to continue this in compliance with the Code into the coming reporting period and thereafter.

It is a Code requirement that the Remuneration Committee oversees and reviews Company-wide remuneration policies and take these into account when setting Executive pay levels, and also that it sets pay for senior management. As described in some detail above, Ashmore's Remuneration Policy applies to all its employees, which is an important determinant of organisational culture and a responsibility the Remuneration Committee takes very seriously, and as such we are already in compliance with Code requirements in this regard.

Ashmore's Remuneration Committee has determined pay levels for all employees identified as Code or Identified staff under the FCA's Remuneration Codes since these came into force in 2010. Initially comprising a relatively narrow group of senior control function managers, this was extended through compliance with the Alternative Investment Fund Managers Directive in 2014 to include all UK based senior managers. For the financial year ending 30 June 2020 reported on in the 2020 Annual Report, this will be extended to include any relevant senior managers based outside the UK.

The new Code requires the Remuneration Committee Chair to have served on the Remuneration Committee for at least a year before taking on the Chair. As noted above, I have been a member of the Remuneration Committee since 2013 and so Ashmore is in compliance with the Code, and we will seek to ensure that remains the case for future appointments.

The Code requires pension contribution rates for Executive Directors to be aligned with those available to the wider workforce. As noted above, this has always been the case under Ashmore's Remuneration Policy. 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 employee or Executive Director make a personal contribution of an equivalent amount. The contribution level is reviewed periodically and is currently capped at £10,000 per annum.

Notwithstanding that the Remuneration Policy allows for the establishment of a significant unvested shareholding, and that Mark Coombs' position as founder of the Company means his shareholding is substantial, the Remuneration Policy also includes a formal shareholding requirement for Executive Directors. This is set at 200% of salary, to be established by October 2020 (based on the market price of Ashmore Group plc shares on the previous year end date of 30 June) for the current Executive Directors, and from the first five-year vesting date for newly-appointed Executive Directors.

The new Code also requires the implementation of a post-employment shareholding policy, which Ashmore will commence for the financial year ending 30 June 2020, reported on in the 2020 Annual Report. This policy will require Executive Directors to maintain a shareholding of 200% of salary (based on the market price of Ashmore Group plc shares on the previous year end date of 30 June prior to their termination date) for two years post termination of their employment.

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[2]	100%
Peter Gibbs[3]	100%
David Bennett	100%
Jennifer Bingham[4]	100%

1. Clive Adamson stepped down as Chair of the Remuneration Committee effective 19 October 2018.
2. Dame Anne Pringle was appointed Chair of the Remuneration Committee effective 19 October 2018.
3. Peter Gibbs stepped down from the Board effective 19 October 2018.
4. Jennifer Bingham became a member of the Remuneration Committee effective 19 October 2018.

The Company's CEO attends the meetings 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 2018 to 30 June 2019. 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 2019 were £59,819. The Company participates in the McLagan Aon compensation survey from which relevant data is provided to the Remuneration Committee. Neither of the above provides other services to the Company.

Figure 14

Statement of shareholder voting

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

Remuneration Report	2018 AGM resolution to approve the Directors' Remuneration report for the year ended 30 June 2018	% of votes cast
Votes cast in favour	463,675,046	81.31%
Votes cast against	106,606,941	18.69%
Total votes cast	570,281,987	100.00%
Abstentions	42,520,468	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.

Dame Anne Pringle DCMG
Chair of the Remuneration Committee

6 September 2019

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. The names and functions of the Directors are listed on page 51 of the Annual Report.

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.

David Bennett
Chairman

6 September 2019

The Directors present their Annual Report and financial statements for the year ended 30 June 2019.

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 2019 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 12 to 13, the Business review on pages 26 to 31 and the Corporate governance report on pages 53 to 55.

The principal risks facing the business and risk management policy are detailed on pages 34 to 39.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 106.

The Directors recommend a final dividend of 12.10 pence per share (FY2017/18: 12.10 pence) which, together with the interim dividend of 4.55 pence per share (FY2017/18: 4.55 pence) already declared, makes a total for the year ended 30 June 2019 of 16.65 pence per share (2018: 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 6 December 2019 to shareholders on the register on 1 November 2019 (the ex-dividend date being 31 October 2019).

Related party transactions

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

Post-balance sheet events

There were no post balance sheet events requiring adjustment or disclosure herein.

Directors

The members of the Board together with their biographical details are shown on page 51. Peter Gibbs retired and did not seek re-election as a Director at the AGM on 19 October 2018. All other members of the Board served as Directors throughout the year.

Details of the service contracts of the current Directors are described on page 99.

Details of the constitution and powers of the Board and its committees are set out in the Corporate governance report on pages 53 to 55. 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, will consider whether the candidate is 'overboarded' and has sufficient time available to discharge their duties and the overall balance of skills, experience and knowledge on the Board. The Committee will make recommendations to the Board concerning the diversity policy of the Group, ensuring that candidate pools for Board or senior management appointments (whilst being assembled on merit and objective criteria) wherever possible include candidates of different gender, ethnic and social backgrounds. The Board currently consists of two Executive and four Non-executive Directors of whom two are 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 2019 Ashmore employed 37 different nationalities throughout the organisation. The gender balance was 66% (203 people) male and 34% (104 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 interest

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 51, 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 90 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 90) 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 2019	Percentage interests[3]	Number of voting rights disclosed as at 6 September 2019	Percentage interests[3]
Standard Life Aberdeen plc	**49,997,436**	7.01	**49,997,436**	7.01
Overseas Pensions and Benefits Limited (formerly Carey Pensions and Benefits Limited) as Trustees of the Ashmore 2004 Employee Benefit Trust[2]	**43,430,629**	6.09	**43,430,629**	6.09
Schroders plc	**34,589,104**	4.85	**34,589,104**	4.85
Allianz Global Investors GmbH	**32,695,220**	4.58	**32,695,220**	4.58
UBS Group AG	**27,343,929**	3.84	**27,343,929**	3.84

1. The shareholding of Mark Coombs, a Director and substantial shareholder, is disclosed separately on page 90.
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 DTR 5. The actual number of shares held by the EBT as at 30 June 2019 is disclosed in note 23 to the financial statements.
3. Percentage interests are based upon 712,740,804 shares in issue (2018: 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. During the year the Chairman of the Board and the Chair of the Remuneration Committee engaged with the Company's major shareholders in relation to remuneration and the waiver sought in accordance with Rule 9 of the Code on Take-overs and mergers. Further details are provided in the Annual Report at pages 52 and 53.

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. The 2019 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, 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 2019 was 712,740,804 shares. There were no shares 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 Act. 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 35,637,040 of its own issued shares. The Company is seeking a renewal of the share buyback authority at the 2019 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 £23,758.03 (and £47,516.05 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 £7,127.40, 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 2019 Annual General Meeting.

Employees

Details of the Company's employment practices (including the employment of disabled persons) can be found in the Sustainability section on pages 42 to 50.

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 Financial Conduct Authority (FCA). 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 53 to 54. The Company complied throughout the accounting period under review with all the relevant provisions set out in the Code.

Mandatory greenhouse gas emissions reporting

In line with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, since 1st October 2013 all companies listed on the main market of the London Stock Exchange have been required to report their greenhouse gas emissions (GHG emissions) in their annual report.

Ashmore has adopted the operational control method of reporting. The emissions reported below are for the nine global offices around the world where Ashmore Group exercised direct operational control in the 2018/19 financial year (excluding Ashmore Ireland). These office emissions, as well as emissions originating from their operations, are those which are considered material to Ashmore.

Emission scopes

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[1]. 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[2]. 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 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, where information was not available, the following approaches were taken to account for this:

- During the year a new business venture called AshmoreAVENIDA was acquired. This business is distributed across the New York office (6 FTE) and Colombia office (38 FTE). Consumption data for AshmoreAVENIDA in Colombia has been estimated based on the FTE and current Ashmore Colombia office consumption.
- A new office opened in Dublin (Ireland) in December 2018, however this has been excluded as it is under the materiality threshold for both FTE and office area.
- In those instances, where a full 12 month's 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 2018/19 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 was used to apportion the total consumption.
- Missing, or anomalous, water data was estimated using an average consumption figure of 15m3 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.
- Ashmore includes all flights where the cost is borne by the Group.

1. 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.
2. www.ghgprotocol.org/files/ghgp/Scope%202%20Guidance_Final.pdf

Methodology

All data has been collected and analysed in line with the GHG Protocol Corporate Accounting and Reporting Standard[1]. UK Government 2019 emission factors[2] have been applied for all calculations, except the international offices' electricity consumption, for which the International Energy Agency's 2018 emissions factors[3] have been used. The data inputs and outputs have been reviewed by Ricardo Energy & Environment on behalf of Ashmore Group.

Ashmore emissions

The overall GHG emissions increased by 8.9% compared to the previous year. This is primarily due to portfolio changes during 2018/19 financial year including increases in headcount, larger office size in Indonesia and the acquisition of AshmoreAVENIDA. Analysis of the energy efficiency of the new offices demonstrates that more energy efficient buildings are joining the portfolio, however the increase in full time employees overrides the potential emissions reductions. Air travel emissions increased by 20%. This category still remains the largest contributor to Ashmore's emissions breakdown with 748 tCO_2e (74%). The second largest contributor to the GHG footprint, purchased electricity, has decreased significantly this year, due to new offices being more efficient and large reductions in the electricity emission factors, and now accounts for 224 tCO_2e or 22%. Waste, water and refrigerants (based on the available data) account for the lowest levels of emissions.

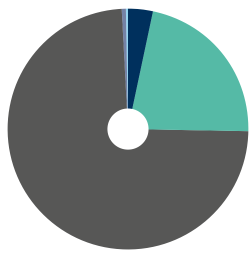
Emissions have also been calculated using an 'intensity metric', which enables Ashmore to monitor how well it is controlling emissions on an annual basis, independent of fluctuations in the levels of its activity. As Ashmore is a "people" business, the most suitable metric is 'emissions per full-time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

Emissions per full-time employee

Scope	Tonnes CO_2e 2017/18	**Tonnes CO_2e 2018/19**
Scope 1	0.1	**0.1**
Scope 2[5]	1.1	**0.8**
Scope 3	2.7	**2.7**
Total	3.9	**3.6**

2018/19 Ashmore's emissions by source[6]

2018/19 Absolute emissions (tonnes CO_2e)



Natural gas	34.69 (3%)
Refrigerants	0.00 (0%)
Electricity	223.80 (22%)
Air travel	748.30 (74%)
Water	3.93 (<1%)
Waste	2.48 (<1%)

Ashmore's emissions by Scope[5]

Scope	Source	Tonnes CO_2e 2017/18	Absolute totals Tonnes CO_2e (2017/18)	**Tonnes CO_2e 2018/19**	**Absolute totals Tonnes CO_2e (2018/19)**
Scope 1	Natural gas	34.96	35.31	**34.69**	**34.69**
Scope 1	Refrigerants	0.35		**0.00**	
Scope 2	Electricity – location based	268.67	268.67	**223.54**	**223.54**
Scope 2	Electricity – market based[6]	268.02	268.02	**223.80**	**223.80**
Scope 3	Air travel	622.60		**748.30**	
Scope 3	Water	2.56	627.21	**3.93**	**754.71**
Scope 3	Waste	2.05		**2.48**	
Total (using market-based Scope 2 emissions)			930.54		**1,013.20**

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 licence.
4. FTE 2017/18 = 236.5 employees; FTE 2018/19 = 284.5 employees
5. Using market-based emissions
6. This figure is based on a combination of market based and location based emission factors. Market based emissions 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 (FY2017/2018: £0.1 million). The work of the Ashmore Foundation is described in the Sustainability section of this report on pages 42 to 50. 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 2019, the amount owed to the Group's trade creditors in the UK represented approximately 15 days' average purchases from suppliers (FY2017/18: 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.

2019 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, are set out on pages 12 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 95 to 99 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.

The summary below provides details of the Directors' service agreements/letters of appointment:

Directors' service contracts	Date appointed Director	Commencement date	Notice period	Expiry/review date
Executive directors				
Mark Coombs	3 December 1998	21 September 2006	1 year	Rolling
Tom Shippey	25 November 2013	25 November 2013	1 year	Rolling
Non-executive directors				
David Bennett – Chairman	30 October 2014	30 October 2014	1 month	30 October 2020
Clive Adamson	22 October 2015	22 October 2015	1 month	22 October 2021
Jennifer Bingham	29 June 2018	29 June 2018	1 month	29 June 2021
Dame Anne Pringle	19 February 2013	19 February 2013	1 month	19 February 2022

Approved by the Board and signed on its behalf by:

John Taylor
Company Secretary

6 September 2019

1. Our opinion is unmodified

We have audited the financial statements of Ashmore Group plc ("the Company") for the year ended 30 June 2019 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 2019 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 20 years ended 30 June 2019 (12 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	£11.00m (2018: £9.67m) 5% (2018: 5%) of Group profit before tax
Coverage	95% (2018: 98%) of Group profit before tax

Key audit matters		**vs 2018**
New	Valuation of level 3 seed capital investments	▲
Recurring risks	Management fee rebates	◄ ►
	Recoverability of parent company's loan to subsidiaries	◄ ►

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, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings, as required for public interest entities, our results from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings 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
Level 3 seed capital investments £105.7 million; (2018: £99.2m) Refer to page 57 (Audit and Risk Committee report), page 114 (accounting policy) and page 136 (financial disclosures).	**Subjective valuation** Approximately 10% of the Group's total assets (by value) are held in investments valued using valuation techniques that utilise inputs unobservable in the market (i.e. level 3 investments). Where the funds are consolidated (by virtue of the Group having a controlling interest in the fund under IFRS 10), the level 3 investments comprise the underlying unquoted investment securities within the consolidated funds (unquoted investments). Where the funds are not consolidated, the level 3 investments represent the Group's proportionate share of the net asset values in the funds (unquoted funds). All the level 3 investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as prices of recent orderly transactions, earnings multiples, discounted cash flow and net asset value. The effect of these matters is that, as part of our risk assessment, we determined that the valuation of level 3 investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 19) disclose the range of estimates used by the Group in the valuation techniques.	**Our procedures included:** **Control design** – We obtained an understanding of the Group's processes for determining the fair value of level 3 investments. We documented and assessed the design and implementation of the relevant controls. – For unquoted investments, we reviewed the governance over the valuation process and corroborated this with inspecting minutes of the Group's Pricing Methodology and Valuation Committee (PMVC) where the valuation of the unquoted investment is reviewed and approved. – For unquoted funds, we discussed with the Group Head of Finance the process around the oversight of the valuations performed by the underlying funds. **Historical comparisons** – We assessed investment realisations in the period by comparing actual investment disposal proceeds to prior year-end valuations to identify any significant variances and determine whether they are indicative of bias or error in the Group's approach to valuations. We also compared the latest audited financial statements of the funds to the reported net asset value for the same period and investigated any differences above our threshold. **Methodology choice** – In the context of observed industry best practice and the provisions of the Internal Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected. **Our valuations experience** With the assistance from our valuation specialists: – We challenged management on key judgements affecting investee company valuations based on our knowledge of the entity and evidence of the industry in which it operates, such as discount rates, the choice of benchmark for earnings multiples and recent transaction prices. We compared key underlying financial data inputs to external sources such as financial information of comparable businesses, the investee company audited accounts and management information as applicable. – We challenged the assumptions around sustainability of earnings based on our knowledge of the investee company and the industry. – Our work included consideration of events (including both market and entity specific factors) which occurred subsequent to the year end up until the date of this audit report. **Comparing valuations** – For unquoted investments, where a recent transaction has been used to value an investment, we obtained an understanding of the circumstances surrounding the transaction and whether it was considered to be on an arm's-length basis and suitable as an approximate into a valuation. – For unquoted funds, we obtained and agreed the latest reported net asset values from the fund manager and/or the fund administrator.

	The risk	Our response
Level 3 seed capital investments (continued)		**Assessing transparency** – We considered the appropriateness of the disclosure made in respect of level 3 seed capital investments against the relevant accounting standards and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions. **Our findings** – We found the valuation of level 3 seed capital investments to be balanced and the corresponding disclosures to be proportionate.
Management fee rebates Refer to page 57 (Audit and Risk Committee report), page 120 (accounting policy).	**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 of incomplete and inaccurate 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. We also obtained a list of new rebate agreements and compared this to the schedule of rebates recognised in the year. **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 findings** – We found no errors in the Group's calculation of management fee rebates.

	The risk	Our response
Recoverability of parent Company's loan to subsidiaries £471.9 million; (2018: £454.5 million) Refer to page 119 (accounting policy) and page 134 (financial disclosures).	**Low risk, high value** The carrying amount of the parent Company's loan to one subsidiary represents 67% (2018: 68%) of the Company's total assets. The recoverability of the loan is not at high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effort on our overall parent Company audit.	**Our procedures included:** **Test of details** – We assessed 100% of the parent Company's loan to identify, with reference to the subsidiary's audited balance sheet, 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 net assets, including assessing the ability of the subsidiary to obtain liquid funds and therefore, its ability to fund the repayment of the loan. **Our findings** – We found the parent Company's estimated recoverable amount of the loan to be balanced.

We continue to perform procedures over classification of seed capital investments and valuation of share-based payments for executive directors. However, as the level of judgements and estimates involved has been reducing in the last few years, we have not assessed them to be the most significant risks in our current year audit and, therefore, they are not separately identified in our report this year

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 £11.00 million (2018: £9.67 million), determined with reference to a benchmark of Group profit before tax, of which it represents 5% (2018: 5%). Materiality for the parent Company financial statements as a whole was set at £7.8 million (2018: £6.6 million), determined with reference to a benchmark of Company total assets, of which it represents 1% (2018: 1%).

We agreed to report to the Group Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.55 million (2018: £0.48 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

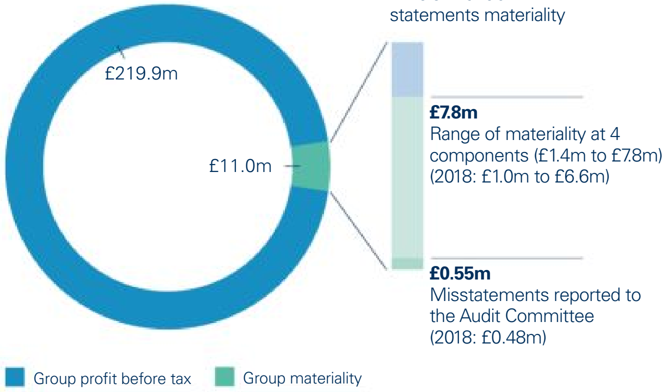
Of the Group's 29 reporting components (2018: 27 components), we subjected four (2018: five) to audits for Group reporting purposes. These audits along with procedures performed for material balances within other components covered 96% (2018: 99%) of total Group net revenue excluding foreign exchange; 95% (2018: 98%) of Group profit before taxation; and 96% (2018: 98%) 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

£219.9m (2018: £191.3m)

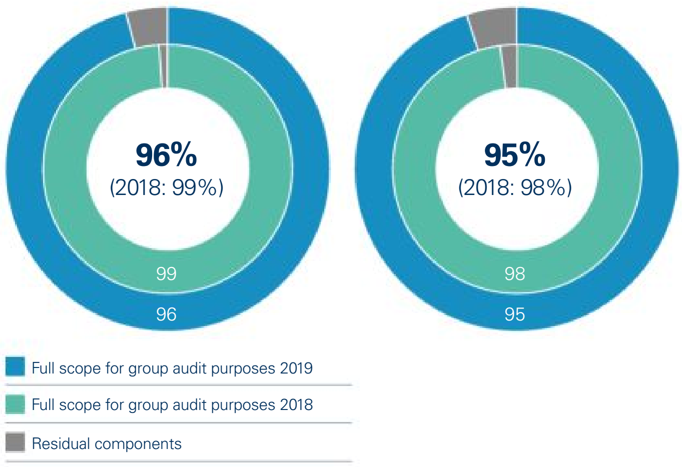
Group materiality

£11.00m (2018: £9.67m)
Whole financial statements materiality



Group net revenue excluding foreign exchange

Group profit before tax



4. We have nothing to report on going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as they have concluded that the Group's and Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Our responsibility is to conclude on the appropriateness of the Directors' conclusions and, had there been a material uncertainty related to going concern, to make reference to that in this audit report. However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group and the Company will continue in operation.

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Group's and Company's business model, including the impact of Brexit, and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. We evaluated those risks and concluded that they were not significant enough to require us to perform additional procedures.

Based on this work, 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 53 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects, and we did not identify going concern as a key audit matter.

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.

Directors' 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 36 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.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

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 94, 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 general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 2019

Consolidated statement of comprehensive income

For the year ended 30 June 2019

	Notes	2019 £m	2018 £m
Management fees		**307.6**	259.7
Performance fees		**2.8**	21.9
Other revenue		**5.9**	4.1
Total revenue		**316.3**	285.7
Distribution costs		**(13.3)**	(9.2)
Foreign exchange	7	**11.3**	(0.2)
Net revenue		**314.3**	276.3
Gains/(losses) on investment securities	20	**0.5**	3.0
Change in third-party interests in consolidated funds	20	**3.8**	(2.4)
Personnel expenses	9	**(84.2)**	(72.8)
Other expenses	11	**(31.6)**	(27.6)
Operating profit		**202.8**	176.5
Finance income	8	**17.4**	15.2
Share of losses from associates and joint ventures	27	**(0.3)**	(0.4)
Profit before tax		**219.9**	191.3
Tax expense	12	**(38.4)**	(37.8)
Profit for the year		**181.5**	153.5
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		**14.7**	(4.5)
Fair value reserve (available-for-sale financial assets):			
Net change in fair value		**–**	2.6
Net amount transferred to profit or loss		**–**	(3.3)
Cash flow hedge intrinsic value gains/(losses)		**–**	0.2
Other comprehensive income, net of tax		**14.7**	(5.0)
Total comprehensive income for the year		**196.2**	148.5
Profit attributable to:			
Equity holders of the parent		**178.6**	151.4
Non-controlling interests		**2.9**	2.1
Profit for the year		**181.5**	153.5
Total comprehensive income attributable to:			
Equity holders of the parent		**193.2**	146.6
Non-controlling interests		**3.0**	1.9
Total comprehensive income for the year		**196.2**	148.5
Earnings per share			
Basic	13	**26.57p**	22.59p
Diluted	13	**25.04p**	21.30p

The notes on pages 113 to 156 form an integral part of these financial statements.

Consolidated balance sheet
As at 30 June 2019

	Notes	2019 £m	2018 £m
Assets			
Non-current assets			
Goodwill and intangible assets	15	**87.3**	74.2
Property, plant and equipment	16	**1.5**	1.1
Investment in associates and joint ventures	27	**1.8**	1.7
Non-current financial assets measured at fair value	20	**31.6**	43.9
Deferred acquisition costs		**0.8**	0.9
Deferred tax assets	18	**30.2**	26.2
		153.2	148.0
Current assets			
Investment securities	20	**278.7**	219.1
Available-for-sale financial assets	20	**–**	5.6
Financial assets measured at fair value	20	**16.0**	23.5
Trade and other receivables	17	**79.4**	71.2
Cash and cash equivalents		**477.2**	433.0
		851.3	752.4
Non-current assets held for sale	20	**44.7**	7.6
Total assets		**1,049.2**	908.0
Equity and liabilities			
Capital and reserves – attributable to equity holders of the parent			
Issued capital	22	**0.1**	0.1
Share premium		**15.6**	15.6
Retained earnings		**812.6**	742.8
Foreign exchange reserve		**14.9**	0.3
Available-for-sale fair value reserve		**–**	0.4
		843.2	759.2
Non-controlling interests		**10.9**	1.3
Total equity		**854.1**	760.5
Liabilities			
Non-current liabilities			
Deferred tax liabilities	18	**8.4**	7.7
		8.4	7.7
Current liabilities			
Current tax		**22.5**	5.5
Third-party interests in consolidated funds	20	**107.0**	76.1
Derivative financial instruments	21	**1.1**	0.1
Trade and other payables	25	**56.1**	57.3
		186.7	139.0
Non-current liabilities held for sale	20	**–**	0.8
Total liabilities		**195.1**	147.5
Total equity and liabilities		**1,049.2**	908.0

The notes on pages 113 to 156 form an integral part of these financial statements.

Approved by the Board on 6 September 2019 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 2019

	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 2017	0.1	15.6	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	0.1	15.6	742.8	0.3	0.4	–	759.2	1.3	760.5
Adjustment on adoption of IFRS 9 (note 3)	**–**	**–**	**0.4**	**–**	**(0.4)**	**–**	**–**	**–**	**–**
Adjusted balance at 1 July 2018	**0.1**	**15.6**	**743.2**	**0.3**	**–**	**–**	**759.2**	**1.3**	**760.5**
Profit for the year	**–**	**–**	**178.6**	**–**	**–**	**–**	**178.6**	**2.9**	**181.5**
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	**–**	**–**	**–**	**14.6**	**–**	**–**	**14.6**	**0.1**	**14.7**
Total comprehensive income/(loss)	**–**	**–**	**178.6**	**14.6**	**–**	**–**	**193.2**	**3.0**	**196.2**
Transactions with owners:									
Purchase of own shares	**–**	**–**	**(23.7)**	**–**	**–**	**–**	**(23.7)**	**–**	**(23.7)**
Acquisition of subsidiary with non-controlling interest (note 31)	**–**	**–**	**5.2**	**–**	**–**	**–**	**5.2**	**9.0**	**14.2**
Share-based payments	**–**	**–**	**27.6**	**–**	**–**	**–**	**27.6**	**–**	**27.6**
Dividends to equity holders	**–**	**–**	**(118.3)**	**–**	**–**	**–**	**(118.3)**	**–**	**(118.3)**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.4)**	**(2.4)**
Total contributions and distributions	**–**	**–**	**(109.2)**	**–**	**–**	**–**	**(109.2)**	**6.6**	**(102.6)**
Balance at 30 June 2019	**0.1**	**15.6**	**812.6**	**14.9**	**–**	**–**	**843.2**	**10.9**	**854.1**

The notes on pages 113 to 156 form an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 30 June 2019

	2019 £m	2018 £m
Operating activities		
Operating profit	**202.8**	176.5
Adjustments for non-cash items:		
Depreciation and amortisation	**4.8**	5.0
Accrual for variable compensation	**27.6**	28.0
Unrealised foreign exchange gains/(losses)	**(11.3)**	1.4
Other non-cash items	**(4.3)**	2.6
Cash generated from operations before working capital changes	**219.6**	213.5
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**(8.2)**	(0.3)
Increase/(decrease) in derivative financial instruments	**1.0**	0.3
Increase/(decrease) in trade and other payables	**(1.2)**	(6.9)
Cash generated from operations	**211.2**	206.6
Taxes paid	**(22.1)**	(47.3)
Net cash generated from operating activities	**189.1**	159.3
Investing activities		
Interest and investment income received	**15.4**	9.6
Dividends received	**–**	0.2
Acquisition of subsidiary, net of cash acquired (note 31)	**(4.9)**	–
Purchase of non-current financial assets measured at fair value	**(4.8)**	(19.2)
Purchase of financial assets held for sale	**(64.0)**	(14.4)
Purchase of available-for-sale financial assets	**–**	(0.1)
Purchase of financial assets measured at fair value	**(0.3)**	–
Sale of non-current financial assets measured at fair value	**24.0**	0.4
Sale of financial assets held for sale	**19.4**	–
Sale of available-for-sale financial assets	**–**	8.4
Sale of financial assets measured at fair value	**4.4**	22.1
Sale of investment securities	**4.7**	15.8
Net cash from initial consolidation of seed capital investments	**3.5**	0.1
Purchase of property, plant and equipment	**(0.8)**	(0.2)
Net cash generated/(used in) investing activities	**(3.4)**	22.7
Financing activities		
Dividends paid to equity holders	**(118.3)**	(117.4)
Dividends paid to non-controlling interests	**(2.4)**	(2.5)
Third-party subscriptions into consolidated funds	**2.7**	19.4
Third-party redemptions from consolidated funds	**(10.3)**	(47.4)
Distributions paid by consolidated funds	**(1.5)**	(1.7)
Acquisition of interest from non-controlling interests	**–**	(0.4)
Purchase of own shares	**(23.7)**	(18.0)
Net cash used in financing activities	**(153.5)**	(168.0)
Net increase/(decrease) in cash and cash equivalents	**32.2**	14.0
Cash and cash equivalents at beginning of year	**433.0**	432.5
Effect of exchange rate changes on cash and cash equivalents	**12.0**	(13.5)
Cash and cash equivalents at end of year	**477.2**	433.0
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**73.9**	68.6
Daily dealing liquidity funds	**243.3**	300.3
Deposits	**160.0**	64.1
	477.2	433.0

The notes on pages 113 to 156 form an integral part of these financial statements.

Company balance sheet
As at 30 June 2019

	Notes	2019 £m	2018 £m
Assets			
Non-current assets			
Goodwill	15	**4.1**	4.1
Property, plant and equipment	16	**0.5**	0.5
Investment in subsidiaries	26	**19.9**	19.9
Deferred acquisition costs		**0.8**	0.9
Deferred tax assets	18	**16.6**	13.0
		41.9	38.4
Current assets			
Trade and other receivables	17	**495.0**	467.9
Cash and cash equivalents		**150.3**	159.2
		645.3	627.1
Total assets		**687.2**	665.5
Equity and liabilities			
Capital and reserves			
Issued capital	22	**0.1**	0.1
Share premium		**15.6**	15.6
Retained earnings		**632.6**	573.8
Total equity attributable to equity holders of the Company		**648.3**	589.5
Liabilities			
Current liabilities			
Derivative financial instruments		**0.7**	–
Trade and other payables	25	**38.2**	76.0
		38.9	76.0
Total equity and liabilities		**687.2**	665.5

The notes on pages 113 to 156 form an integral part of these financial statements.

Approved by the Board on 6 September 2019 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 2019

	Issued capital £m	Share premium £m	Retained earnings £m	Total equity attributable to equity holders of the parent £m
Balance at 30 June 2017	0.1	15.6	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	0.1	15.6	573.8	589.5
Profit for the year	**–**	**–**	**178.4**	**178.4**
Purchase of own shares	**–**	**–**	**(23.7)**	**(23.7)**
Acquisition of subsidiary (note 31)	**–**	**–**	**5.2**	**5.2**
Share-based payments	**–**	**–**	**17.2**	**17.2**
Dividends to equity holders	**–**	**–**	**(118.3)**	**(118.3)**
Balance at 30 June 2019	**0.1**	**15.6**	**632.6**	**648.3**

The notes on pages 113 to 156 form an integral part of these financial statements.

Company cash flow statement
For the year ended 30 June 2019

	2019 £m	2018 £m
Operating activities		
Operating profit	**178.4**	113.7
Adjustments for:		
Depreciation and amortisation	**0.3**	0.5
Accrual for variable compensation	**17.2**	14.5
Unrealised foreign exchange losses/(gains)	**(15.5)**	6.8
Dividends received from subsidiaries	**(174.4)**	(118.4)
Cash generated from operations before working capital changes	**6.0**	17.1
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**(9.7)**	30.5
Increase/(decrease) in derivative financial instruments	**0.7**	–
Increase/(decrease) in trade and other payables	**(37.8)**	7.4
Cash generated from/(used in) operations	**(40.8)**	55.0
Taxes paid	**(12.5)**	(10.4)
Net cash generated from/(used in) operating activities	**(53.3)**	44.6
Investing activities		
Interest received	**0.7**	1.2
Acquisition of subsidiary (note 31)	**(5.2)**	–
Loans advanced to subsidiaries	**(66.8)**	(180.7)
Loans repaid by subsidiaries	**80.1**	80.3
Dividends received from subsidiaries	**174.4**	118.4
Purchase of property, plant and equipment	**(0.3)**	(0.2)
Net cash generated from investing activities	**182.9**	19.0
Financing activities		
Dividends paid	**(118.3)**	(117.4)
Purchase of own shares	**(23.7)**	(18.0)
Net cash used in financing activities	**(142.0)**	(135.4)
Net decrease in cash and cash equivalents	**(12.4)**	(71.8)
Cash and cash equivalents at beginning of year	**159.2**	229.7
Effect of exchange rate changes on cash and cash equivalents	**3.5**	1.3
Cash and cash equivalents at end of year	**150.3**	159.2
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**19.6**	38.4
Daily dealing liquidity funds	**10.7**	70.8
Deposits	**120.0**	50.0
	150.3	159.2

The notes on pages 113 to 156 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 2019 were authorised for issue by the Board of Directors on 6 September 2019. The principal activity of the Group is described in the Directors' report on page 95.

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 2019 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 derivative financial instruments and financial assets and liabilities that are held 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 33.

3) New standards, interpretations and amendments adopted by the Group

The Group has applied IFRS 9 Financial Instruments (IFRS 9) and IFRS 15 Revenue from Contracts with Customers (IFRS 15) for the first time in its annual reporting period commencing on 1 July 2018.

The impact of the adoption of these standards and the changes to the Group's accounting policies are disclosed below.

IFRS 9 Financial Instruments

IFRS 9 replaces the classification and measurement requirements previously contained in IAS 39 Financial Instruments: Recognition and Measurement (IAS 39). IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities, however, it eliminates the previous IAS 39 categories for financial assets of held-to-maturity, loans and receivables and available-for-sale. In accordance with IFRS 9, the Group's financial assets have been reclassified into financial assets at fair value through profit or loss (FVTPL) and at amortised cost.

The Group has applied IFRS 9 retrospectively, with the cumulative effect of initially applying the standard recorded as an adjustment to the opening retained earnings at 1 July 2018. Comparative information has not been restated. The impact of applying IFRS 9 is an increase of £0.4m to the opening balance of retained earnings and a corresponding decrease of £0.4m to the available-for-sale reserve, as a result of reclassifying available-for-sale financial assets to the fair value through profit and loss (FVTPL) category.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 July 2018 relates solely to the reclassification of available-for-sale assets valued at £5.6m into the FVTPL category. The financial assets reclassified are seed capital investments that the Group manages on a fair value basis that are now mandatorily measured at FVTPL under IFRS 9. The table below sets out the movement in the Group's financial asset categories under IFRS 9.

As at 1 July 2018	IFRS 9 £m	Classification adjustment	IAS 39 £m
Financial assets category			
Non-current financial assets	**43.9**	–	43.9
Investment securities	**219.1**	–	219.1
Available-for-sale financial assets	**–**	(5.6)	5.6
Financial assets at FVTPL	**29.1**	5.6	23.5
Financial assets at amortised cost	**504.2**	–	504.2
Total financial assets	**796.3**	–	796.3

The classification of financial liabilities has remained largely unchanged from IAS 39. The Group's hedging relationships that were designated as cash flows hedges under IAS 39 at 30 June 2018 met the criteria for hedge accounting under IFRS 9 at 1 July 2018 and, therefore, continue to be treated as cash flow hedges.

IFRS 9 introduces an expected credit loss model (ECL) for the assessment of impairment losses and replaces the incurred loss model in IAS 39. Under the ECL model, impairment losses are recorded if there is an expectation of credit losses, even in the absence of a default event. This model is applicable for financial assets measured at amortised cost. Therefore, the Group's assets to which the ECL model applies are trade debtors (note 17), which do not have a history of credit losses, are short term in nature and assessed to have a low credit risk. The Group has assessed the lifetime expected credit losses by applying its internal risk modelling weightings for both likelihood of loss and exposure to loss. Under the ECL model there is no change to the carrying values of the Group's assets.

The adoption of IFRS 9 does not have a material impact on the Group's reported results. The accounting policies in respect of the classification and measurement of financial instruments in accordance with IFRS 9 are set out in note 4.

3) New standards, interpretations and amendments adopted by the Group continued

IFRS 15 Revenue from Contracts with Customers

The Group adopted IFRS 15 from 1 July 2018 which resulted in changes in the revenue recognition policies and disclosures. In accordance with the transition provisions in IFRS 15, the Group has adopted a modified retrospective approach from 1 July 2018 with no comparatives to be restated.

IFRS 15 supersedes IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The standard introduces a five-step model for recognising revenue, which consists of identifying the contract with the customer; identifying the relevant performance obligations; determining the amount of consideration to be received under the contract; allocating the consideration to each performance obligation; and earning the revenue as the performance obligations are satisfied.

The Group has undertaken a comprehensive review of the terms and conditions of customer contracts across its business lines in order to determine, using the five-step model, the Group's performance obligations and the associated timing of each performance obligation. The review concluded that, while the basis of assessing revenue recognition is different to that used under IAS 18, the point at which revenue is recognised and measured has remained consistent. Based on this assessment, the Group has not identified any material adjustments on adoption of IFRS 15, and there is no material impact on the Group's reported results.

The Group has expanded its revenue recognition policy to describe the categories that better depict the nature of its revenues and clarify how the Group's revenues are identified and the point at which the revenue is recognised. The revenue accounting policy is set out in note 4.

New standards and interpretations not yet adopted

At the date of authorisation of these consolidated financial statements, the standards and interpretations relevant to the Group that had been issued but not yet adopted were IFRS 16 Leases (IFRS 16) and IFRIC 23 Uncertainty over Income Tax Treatments (IFRIC 23). The expected impact of these standards on the Group is set out below.

IFRS 16 Leases

IFRS 16 is effective for periods beginning on or after 1 January 2019, with earlier adoption permitted.

Where the Group is a lessee, IFRS 16 requires operating leases to be recorded in the Group's statement of financial position. A right-of-use (ROU) asset will be recognised within property, plant and equipment and a lease liability will be recorded within non-current liabilities.

The ROU asset and lease liability will be calculated based on the expected payments, requiring an assessment as to the likely effect of renewal options, and are discounted using the relevant incremental borrowing rate for each lease. The ROU asset will be depreciated on a straight-line basis over the expected life of the lease. The lease liability will be reduced as lease payments are made with an interest expense recognised using the effective interest method as a component of finance costs. This will result in a higher proportion of the lease expense being recognised earlier in the life of the lease.

The Group has reviewed all its lease arrangements and assessed the estimated impact that the initial application of IFRS 16 will have on its consolidated financial statements starting from 1 July 2019.

The Group has considered the available transition options, and has decided to apply the modified retrospective approach where the ROU asset is measured as if IFRS 16 had been applied from lease commencement, applying a discount rate assessed at the date of transition, and currently estimates that the impact will be a gross-up of £12.4 million for ROU lease assets and £12.6 million in relation to lease liabilities, with £0.2 million deducted from the opening balance of retained earnings. Comparative information will not be restated. The Group expects to apply the optional exemption contained within IFRS 16, which permits the cost of short-term (less than 12 months) leases to be expensed on a straight-line basis over the lease term. These lease arrangements are not material to the Group.

At 30 June 2019, the Group had non-cancellable operating lease commitments of £13.8 million (see note 30) which are subject to IFRS 16 requirements. Overall, the impact of IFRS 16 represents less than 2% increase to consolidated total assets and 7% increase to consolidated total liabilities. In addition, the Group has estimated that its profit before tax will be reduced by £0.2m in the next year as a result of applying IFRS 16. The impact on the Group's regulatory capital requirement has been assessed to be immaterial.

IFRIC 23 Uncertainty over Income Tax Treatments

On 7 June 2017, the IASB issued IFRIC 23. The interpretation provides clarification as to how the recognition and measurement requirements of IAS 12 Income Tax should be applied. The Group has assessed the impact of IFRIC 23 and does not expect it to have a material impact when it becomes effective on 1 July 2019.

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 2019.

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 Société 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, expected share of performance fees, 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.

4) Significant accounting policies continued

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, except for qualifying cash flow hedges to the extent that the hedge is effective, in which case foreign currency differences arising are recognised in other comprehensive income.

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.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured and settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

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.

Non-controlling interests (NCI)

The Group recognises NCI in an acquired entity either at fair value or at the NCI's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. 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 incremental costs incurred by the Group to acquire an investment management contract, typically on a closed-ended fund. The Group amortises the deferred acquisition asset recognised on a systematic basis, in line with the revenue generated from providing the investment management services over the life of the fund.

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 IFRS 9 Financial Instruments and IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under IFRS 9, the Group classifies its financial assets into two measurement categories: amortised cost and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost are measured at FVTPL. The Group classifies its financial liabilities at amortised cost or derivative liabilities measured at FVTPL.

Amortised cost is the amount determined based on moving the initial amount recognised for the financial instrument to the maturity value on a systematic basis using a fixed interest rate (effective interest rate), taking account of repayment dates and initial premiums or discounts.

Financial assets

The Group classifies its financial assets into the following categories: investment securities designated as FVTPL, non-current financial assets held for sale, financial assets designated as FVTPL and financial assets measured at amortised cost.

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 measured at FVTPL in accordance with IFRS 9. Where the assets are not readily realisable, they are recognised as non-current financial assets measured at FVTPL. 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 financial assets measured at FVTPL in accordance with IFRS 9. Subsequent movements will be recognised in accordance with the Group's accounting policy for the newly adopted classification.

Financial assets designated as FVTPL

Financial assets designated as FVTPL include certain readily realisable interests in seeded funds, non-current financial assets measured at fair value 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) Non-current financial assets measured at fair value

Non-current financial assets 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.

(ii) Financial assets measured at fair value

The Group classifies readily realisable interests in newly seeded funds as financial assets measured at FVTPL 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.

4) Significant accounting policies continued

(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.

Financial assets measured at amortised cost

(i) 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. Subsequent to initial recognition these assets are measured at amortised cost less any impairment losses.

(ii) 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. The carrying amount of these assets approximates to their fair value.

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.

Financial liabilities at amortised cost

Other financial liabilities including trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised as it is incurred using the effective interest method, which allocates interest at a constant rate of return over the expected life of the financial instrument based on the estimated future cash flows.

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 judgements 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. 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 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.

Hedge accounting

The Group applies the general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses forward and option contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to management fee revenues. The Group designates only the change in fair value of the spot element of the forward and option contracts in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

The Group applies cash flow hedge accounting when the transaction meets 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; and
- 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

The Group adopted IFRS 9 on 1 July 2018. Prior to adoption of IFRS 9, impairment was only recognised when a default occurred. Under IFRS 9, impairment losses on the Group's financial assets at amortised cost are measured using an expected credit loss (ECL) model. Under the model, the Group is required to account for expected credit losses, and changes in those expected credit losses over the life of the instrument. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

A three stage model is used for calculating expected credit losses, which requires financial assets to be assessed as:

- Performing (stage 1) financial assets where there has been no significant increase in credit risk since original recognition; or
- Under-performing (stage 2) financial assets where there has been a significant increase in credit risk since initial recognition, but no default event; or
- Non-performing (stage 3) financial assets that are in default.

Expected credit losses for stage 1 financial assets are calculated based on possible default events within the 12 months after the reporting date. Expected credit losses for stage 2 and 3 financial assets are calculated based on lifetime expected credit losses that result from all possible default events over the expected life of a financial instrument. The Group applies the simplified approach to calculate expected credit losses for financial assets measured at amortised cost. Under this approach, financial assets are not categorised into three stages and expected credit losses are calculated based on the life of the instrument.

Assets measured at amortised cost

The Group measures loss allowances at an amount equal to lifetime expected credit losses. Expected credit loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The Group's financial assets subject to impairment assessment under the ECL model comprise cash deposits held with banks and trade receivables. In assessing the impairment of financial assets under the ECL model, the Group assesses whether the risk of default has increased significantly since initial recognition, by considering both quantitative and qualitative information, and the analysis is based on the Group's historical experience of credit default, including forward-looking information.

The Group's trade receivables comprise balances due from management fees, performance fees, expense recoveries from funds managed, and are generally short term and do not contain financing components. Factors considered in determining whether a default has taken place include how many days past the due date a payment is, deterioration in the credit quality of a counterparty, and knowledge of specific events that could influence a counterparty's ability to pay. For trade receivables, the Group assesses lifetime expected credit losses based on historical observed default rates, adjusted by forward-looking estimates regarding the economic conditions within the next year.

For cash deposits held with banks, externally derived credit ratings have been identified as representing the best available determinant of counterparty credit risk. Credit risk is deemed to have increased significantly if the credit rating has significantly deteriorated at the reporting date relative to the credit rating at the date of initial recognition.

4) Significant accounting policies continued

Impairment of non-financial assets

For all other assets other than goodwill, an impairment test is performed annually or 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 have 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 cannot be reversed.

Net revenue

The Group's total revenue includes management fees, performance fees and other revenue. The primary revenue source for the Group is fee income which comprises the fair value of the consideration received or receivable for the provision of investment management services. 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.

The Group's principal revenue recognition policies are summarised below:

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 recognised as the service is provided and it is probable that the fee will be collected. 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 earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods, typically over one year. The fees are recognised when they can be reliably estimated and/or crystallised, and there is deemed to be a low probability of a significant reversal in future periods. This is usually at the end of the performance period or upon early redemption by a fund investor. Once crystallised, performance fees typically cannot be clawed-back.

Rebates

Rebates relate to repayments of management and performance fees charged subject to a rebate agreement, typically with institutional investors, and are calculated based on an agreed percentage of net fund assets managed and recognised as the service is received. Where rebate agreements exist, management and performance fees are presented on a net basis in the consolidated statement of comprehensive income.

Other revenue

Other revenue principally comprises fees for other services, which are typically driven by the volume of transactions, along with revenues that vary in accordance with the volume of fund project development activities. Other revenue includes transaction, structuring and administration fees, project management fees, and reimbursement by funds of costs incurred by the Group. This revenue is recognised as the relevant service is provided and it is probable that the fee will be collected.

Distribution costs

Distribution costs are costs of sales payable to external intermediaries for marketing and investor servicing. Distribution costs vary based on 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, and both realised and unrealised gains on financial assets designated as FVTPL.

Finance expense includes both realised and unrealised losses on financial assets designated as 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.

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 £201.8 million for the year as reconciled on page 26 (FY2017/18: adjusted EBITDA of £183.6 million was derived by adjusting operating profit by £5.0 million of depreciation and amortisation expense, £0.5 million of income related to seed capital and £1.6 million of foreign exchange losses). The disclosures below are supplementary, and provide the location of the Group's non-current assets at year end other than financial assets and deferred tax assets. Disclosures relating to revenue by location are in note 6.

Analysis of non-current assets by geography

	2019 £m	2018 £m
United Kingdom	**20.6**	7.3
United States	**69.3**	70.1
Other	**1.5**	0.5
Total non-current assets	**91.4**	77.9

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 (FY2017/18: 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

	2019 £m	2018 £m
United Kingdom	**265.1**	239.3
United States	**24.1**	22.6
Other	**27.1**	23.8
Total revenue	**316.3**	285.7

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 2019**	Closing rate as at 30 June 2018	**Average rate year ended 30 June 2019**	Average rate year ended 30 June 2018
US dollar	**1.2727**	1.3200	**1.2958**	1.3464
Euro	**1.1176**	1.1303	**1.1345**	1.1306
Indonesian rupiah	**17,980**	18,843	**18,660**	18,329
Colombian peso	**4,082**	3,872	**4,058**	3,943

Foreign exchange gains and losses are shown below.

	2019 £m	2018 £m
Net realised and unrealised hedging gains	**5.1**	1.8
Translation gains/(losses) on non-Sterling denominated monetary assets and liabilities	**6.2**	(2.0)
Total foreign exchange gains/(losses)	**11.3**	(0.2)

8) Finance income

	2019 £m	2018 £m
Finance income		
Interest and investment income	**13.2**	9.7
Net realised gains on disposal of available-for-sale financial assets	**–**	3.3
Net realised gains on seed capital investments measured at fair value	**2.4**	1.7
Net unrealised gains on seed capital investments measured at fair value	**1.8**	0.5
Total finance income	**17.4**	15.2

Included within interest and investment income are gains of £5.5 million (FY 2017/18: £5.1 million gains) from investment securities on consolidated funds (note 20d).

Included within net realised and unrealised gains on seed capital investments measured at fair value are £3.2 million gains (FY2017/18: £0.4 million gains) in relation to held for sale investments (note 20a), £0.3 million gains (FY2017/18: £1.3 million gains) on financial assets measured at FVTPL (note 20b) and £0.7 million gains (FY2017/18: £2.8 million gains) on non-current financial assets measured at fair value (note 20c).

9) Personnel expenses

Personnel expenses during the year comprised the following:

	2019 £m	2018 £m
Wages and salaries	**21.2**	18.5
Performance-related cash bonuses	**26.4**	20.6
Share-based payments	**31.3**	28.0
Social security costs	**1.9**	1.6
Pension costs	**1.6**	1.6
Other costs	**1.8**	2.5
Total personnel expenses	**84.2**	72.8

Number of employees

At 30 June 2019, the Group had 307 employees. The acquisition of AshmoreAVENIDA added 42 employees of whom 23 are involved in investment management operations and 19 are employed in roles relating to the various aspects of real estate project management. The number of investment management employees of the Group (including Executive Directors) during the year was as follows:

	Average for the year ended 30 June 2019 Number	Average for the year ended 30 June 2018 Number	At 30 June 2019 Number	At 30 June 2018 Number
Total investment management employees	**281**	257	**288**	253

Directors' remuneration

Disclosures of Directors' remuneration during the year as required by the Companies Act 2006 are included in the Remuneration report on pages 62 to 93.

There are retirement benefits accruing to two Executive Directors under a defined contribution scheme (FY2017/18: 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	2019 £m	2018 £m
Omnibus Plan	**31.3**	27.4
Phantom Bonus Plan	**–**	0.6
Total share-based payments expense	**31.3**	28.0

The total expense recognised for the year in respect of equity-settled share-based payment awards was £27.3 million (FY2017/18: £25.8 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	**2019** **£m**	2018 £m
2013	**–**	3.6
2014	**2.0**	2.2
2015	**3.4**	3.5
2016	**2.7**	2.9
2017	**3.8**	4.5
2018	**3.8**	9.7
2019	**11.6**	–
Total Omnibus share-based payments expense reported in comprehensive income	**27.3**	26.4

Awards outstanding under the Omnibus Plan were as follows:

i) Equity-settled awards

Group and Company	**2019 Number of shares subject to awards**	**2019 Weighted average share price**	2018 Number of shares subject to awards	2018 Weighted average share price
Restricted share awards				
At the beginning of the year	**22,155,889**	**£3.14**	22,038,100	£3.14
Granted	**4,606,773**	**£3.33**	5,448,753	£3.26
Vested	**(4,828,408)**	**£3.69**	(4,450,091)	£3.29
Forfeited	**(700,481)**	**£3.44**	(880,873)	£3.14
Awards outstanding at year end	**21,233,773**	**£3.04**	22,155,889	£3.14
Bonus share awards				
At the beginning of the year	**9,151,992**	**£3.12**	8,268,336	£3.10
Granted	**2,435,432**	**£3.33**	2,392,022	£3.24
Vested	**(1,882,268)**	**£3.76**	(1,473,233)	£3.28
Forfeited	**–**	**–**	(35,133)	£3.20
Awards outstanding at year end	**9,705,156**	**£3.07**	9,151,992	£3.12
Matching share awards				
At the beginning of the year	**9,162,119**	**£3.15**	8,273,435	£3.14
Granted	**2,450,926**	**£3.33**	2,397,050	£3.24
Vested	**(1,598,210)**	**£3.78**	(1,113,239)	£3.29
Forfeited	**(284,830)**	**£3.60**	(395,127)	£3.23
Awards outstanding at year end	**9,730,005**	**£3.08**	9,162,119	£3.15
Total	**40,668,934**	**£3.06**	40,470,000	£3.14

10) Share-based payments continued

ii) Cash-settled awards

Group and Company	**2019 Number of shares subject to awards**	**2019 Weighted average share price**	2018 Number of shares subject to awards	2018 Weighted average share price
Restricted share awards				
At the beginning of the year	**143,542**	**£3.37**	134,984	£3.72
Granted	**22,920**	**£3.33**	45,003	£3.24
Vested	**(14,192)**	**£3.83**	–	–
Forfeited	**(32,756)**	**£3.83**	(36,445)	£3.29
Awards outstanding at year end	**119,514**	**£3.18**	143,542	£3.37
Bonus share awards				
At the beginning of the year	**86,673**	**£3.44**	80,254	£3.78
Granted	**16,592**	**£3.33**	33,753	£3.24
Vested	**(35,211)**	**£3.83**	(27,334)	£3.29
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**68,054**	**£3.21**	86,673	£3.44
Matching share awards				
At the beginning of the year	**86,673**	**£3.44**	80,254	£3.78
Granted	**16,592**	**£3.33**	33,753	£3.24
Vested	**(10,644)**	**£3.83**	–	–
Forfeited	**(24,567)**	**£3.83**	(27,334)	£3.29
Awards outstanding at year end	**68,054**	**£3.21**	86,673	£3.44
Total	**255,622**	**£3.20**	316,888	£3.41

iii) Total awards

Group and Company	2019 Number of shares subject to awards	2019 Weighted average share price	2018 Number of shares subject to awards	2018 Weighted average share price
Restricted share awards				
At the beginning of the year	**22,299,431**	**£3.14**	22,173,084	£3.14
Granted	**4,629,693**	**£3.33**	5,493,756	£3.26
Vested	**(4,842,600)**	**£3.69**	(4,450,091)	£3.29
Forfeited	**(733,237)**	**£3.46**	(917,318)	£3.15
Awards outstanding at year end	**21,353,287**	**£3.04**	22,299,431	£3.14
Bonus share awards				
At the beginning of the year	**9,238,665**	**£3.12**	8,348,590	£3.11
Granted	**2,452,024**	**£3.33**	2,425,775	£3.24
Vested	**(1,917,479)**	**£3.76**	(1,500,567)	£3.28
Forfeited	**–**	**–**	(35,133)	£3.20
Awards outstanding at year end	**9,773,210**	**£3.07**	9,238,665	£3.12
Matching share awards				
At the beginning of the year	**9,248,792**	**£3.15**	8,353,689	£3.14
Granted	**2,467,518**	**£3.33**	2,430,803	£3.24
Vested	**(1,608,854)**	**£3.78**	(1,113,239)	£3.29
Forfeited	**(309,397)**	**£3.62**	(422,461)	£3.23
Awards outstanding at year end	**9,798,059**	**£3.08**	9,248,792	£3.15
Total	**40,924,556**	**£3.06**	40,786,888	£3.14

The weighted average share price of awards granted to employees under the Omnibus Plan during the year was £3.33 (FY2017/18: £3.25), 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 Group consolidated balance sheet is £0.5 million (30 June 2018: £0.6 million) of which £nil (30 June 2018: £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:

	2019 £m	2018 £m
Travel	**2.7**	1.9
Professional fees	**5.6**	4.2
Information technology and communications	**6.1**	5.9
Amortisation of intangible assets (note 15)	**4.1**	4.3
Operating leases	**2.7**	2.6
Premises-related costs	**1.3**	1.2
Insurance	**0.6**	0.9
Auditor's remuneration (see below)	**0.8**	0.5
Depreciation of property, plant and equipment (note 16)	**0.7**	0.7
Consolidated funds (note 20d)	**3.3**	1.1
Other expenses	**3.7**	4.3
	31.6	27.6

Auditor's remuneration

	2019 £m	2018 £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	**0.3**	0.2
Fees for non-audit services:		
– Other non-audit services required by regulation	**0.1**	–
– Other assurance services	**0.1**	–
– Tax services	**0.1**	0.1
	0.8	0.5

12) Taxation

Analysis of tax charge for the year:

	2019 £m	2018 £m
Current tax		
UK corporation tax on profits for the year	**36.3**	30.3
Overseas corporation tax charge	**8.2**	8.5
Adjustments in respect of prior years	**(2.7)**	(0.6)
	41.8	38.2
Deferred tax		
Origination and reversal of temporary differences (see note 18)	**(3.4)**	(1.7)
Effect on deferred tax balance of changes in corporation tax rates	**–**	1.3
Tax expense	**38.4**	37.8

Included in total tax for the year is £3.7 million tax charge related to seed capital items and foreign exchange gains recognised in the statement of comprehensive income.

Factors affecting tax charge for the year

	2019 £m	2018 £m
Profit before tax	**219.9**	191.3
Profit on ordinary activities multiplied by the UK tax rate of 19.00% (FY2017/18: 19.00%)	**41.8**	36.3
Effects of:		
Non-deductible expenses	**0.3**	0.1
Deduction in respect of vested shares/exercised options (Part 12, Corporation Tax Act 2009)	**(1.1)**	(0.3)
Different rate of taxes on overseas profits	**1.5**	1.2
Non-taxable income	**(0.3)**	(1.0)
Effect on deferred tax balance of changes in corporation tax rates	**–**	2.0
Recognition of historical deferred tax assets	**(0.8)**	–
Other items	**(0.3)**	0.1
Adjustments in respect of prior years	**(2.7)**	(0.6)
Tax expense	**38.4**	37.8

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 reserves within other comprehensive income is as follows:

	2019 £m	2018 £m
Current tax expense/(credit) on foreign exchange gains	**0.4**	(0.3)
Tax credit recognised in reserves	**0.4**	(0.3)

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 2019.

13) Earnings per share

Basic earnings per share at 30 June 2019 of 26.57 pence (30 June 2018: 22.59 pence) is calculated by dividing the profit after tax for the financial year attributable to equity holders of the parent of £178.6 million (FY2017/18: £151.4 million) by the weighted average number of ordinary shares in issue during the year, 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.

	2019 Number of ordinary shares	2018 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**672,361,489**	671,063,954
Effect of dilutive potential ordinary shares – share awards	**41,007,535**	40,645,005
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**713,369,024**	711,708,959

14) Dividends

Dividends paid in the year

Company	**2019 £m**	2018 £m
Final dividend for FY2017/18 – 12.10p (FY2016/17: 12.10p)	**86.0**	85.4
Interim dividend for FY2018/19 – 4.55p (FY2017/18: 4.55p)	**32.3**	32.0
	118.3	117.4

In addition, the Group paid £2.4 million (FY2017/18: £2.5 million) of dividends to non-controlling interests.

Dividends declared/proposed in respect of the year

Company	**2019 pence**	2018 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 2019, the Board proposed a final dividend of 12.10 pence per share for the year ended 30 June 2019. 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 £86.2 million.

15) Goodwill and intangible assets

Group	Goodwill £m	Fund management intangible assets £m	Total £m
Cost (at original exchange rate)			
At 30 June 2017 and 30 June 2018	57.5	39.5	97.0
Acquisition of subsidiary (note 31)	**12.9**	**0.9**	**13.8**
Fully amortised	**–**	**(39.5)**	**(39.5)**
At 30 June 2019	**70.4**	**0.9**	**71.3**
Accumulated amortisation and impairment			
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)
Amortisation charge for the year	**–**	**(4.1)**	**(4.1)**
Fully amortised	**–**	**43.9**	**43.9**
At 30 June 2019	**–**	**(0.1)**	**(0.1)**
Net book value			
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
Acquisition of subsidiary (note 31)	**12.9**	**0.9**	**13.8**
Accumulated amortisation for the year	**–**	**(4.1)**	**(4.1)**
Foreign exchange revaluation through reserves*	**3.3**	**0.1**	**3.4**
At 30 June 2019	**86.5**	**0.8**	**87.3**

* 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 2018 and 2019	4.1

15) Goodwill and intangible assets continued

Goodwill

The Group's goodwill balance relates to the acquisition of subsidiaries. During the year the Group recognised goodwill of £12.9 million in respect of Ashmore Avenida Investments (Real Estate) LLP. Additional information on the components of goodwill recognised is provided in note 31.

The Company's goodwill balance relates to the acquisition of the business from ANZ in 1999.

Goodwill acquired in a business combination is allocated to the cash-generating units that are expected to benefit from that business combination. It is the Group's judgement that the lowest level of cash-generating unit used to determine impairment is the investment management segment level. The Group has assessed that it consists of a single cash-generating unit for the purposes of monitoring and assessing goodwill for impairment. This reflects the Group's global operating model, based on a single operating platform, into which acquired businesses are fully integrated and from which acquisition-related synergies are expected to be realised. Based on this model, the Group's investment management activities are considered as a single cash-generating unit, for which key management regularly receive and review internal financial information.

An annual impairment review of goodwill was undertaken for the year ending 30 June 2019, and no factors indicating potential impairment of goodwill were noted. 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. The key assumption used to determine the recoverable amount is based on a fair value less costs to sell calculation using the Company's market share price.

Based on the calculation as at 30 June 2019, the recoverable amount was in excess of the carrying value of goodwill and no impairment was implied. In addition, the sensitivity of the recoverable amount to a 10% change in the Company's market share price will not lead to any impairment. Therefore, no impairment loss has been recognised in the current or preceding years.

Fund management intangible assets

The fund management relationships intangible asset relating to the US equities business was fully amortised during the year.

Intangible assets as at 30 June 2019 comprise fund management contracts and a contractually agreed share of carried interest recognised by the Group on the acquisition of AshmoreAVENIDA (see note 31). An annual impairment review was undertaken for the year ending 30 June 2019 and no factors were identified suggesting that fund management contracts intangible assets were impaired. The impairment review compares the carrying value to the recoverable amount of the intangible asset, determined as the greater of fair value less costs to sell and the updated discounted valuation of the remaining net earnings. Any impairment is recognised immediately in the statement of comprehensive income but may be reversed if relevant conditions improve.

The discounted value is calculated from the cumulative pre-tax net earnings anticipated to be generated over the remaining economic life, discounted to present value using relevant pre-tax discount rates between 20% and 33% per annum. Cumulative net earnings associated with the fund management contracts were derived from the annual operating profit contribution that would arise from the managed fund assets. The recoverable amounts of the intangible assets were determined to be higher than the carrying values as at 30 June 2019. Accordingly, no impairment charge was recognised during the year.

The sensitivity of the recoverable amounts of intangible assets to a 5% increase in pre-tax discount rate used in calculating the recoverable amount was immaterial. The remaining amortisation periods for fund management contracts range between two to six years.

16) Property, plant and equipment

Group	2019 Fixtures, fittings and equipment £m	2018 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**6.5**	6.4
Additions	**0.9**	0.2
Foreign exchange revaluation	**0.3**	(0.1)
At the end of the year	**7.7**	6.5
Accumulated depreciation		
At the beginning of the year	**5.4**	4.8
Depreciation charge for the year	**0.7**	0.7
Foreign exchange revaluation	**0.1**	(0.1)
At the end of the year	**6.2**	5.4
Net book value at 30 June	**1.5**	1.1

Company	2019 Fixtures, fittings and equipment £m	2018 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**3.9**	3.7
Additions	**0.3**	0.2
At the end of the year	**4.2**	3.9
Accumulated depreciation		
At the beginning of the year	**3.4**	3.0
Depreciation charge for year	**0.3**	0.4
At the end of the year	**3.7**	3.4
Net book value at 30 June	**0.5**	0.5

17) Trade and other receivables

	Group		Company	
	2019 £m	2018 £m	**2019 £m**	2018 £m
Current				
Trade debtors	**73.9**	67.5	**3.7**	5.0
Prepayments	**4.1**	2.8	**1.3**	1.2
Loans due from subsidiaries	**–**	–	**471.9**	454.5
Amounts due from subsidiaries	**–**	–	**17.7**	7.1
Other receivables	**1.4**	0.9	**0.4**	0.1
Total trade and other receivables	**79.4**	71.2	**495.0**	467.9

Group trade debtors include accrued management and performance fees in respect of investment management services provided up to 30 June 2019. Management fees are received in cash when the funds' net asset values are determined, typically every month or every quarter. Performance fees are accrued when crystallised, and amounted to £4.3 million as at 30 June 2019 (30 June 2018: £3.3 million). The majority of fees are deducted from the net asset values of the respective funds by independent administrators and therefore, the credit risk of fee receivables is minimal. As at 30 June 2019, no balances are past due and no impairment is recognised under the IFRS 9 expected credit loss model (30 June 2018: no balances past due and no impairment recognised).

Loans and amounts due from subsidiaries for the Company include intercompany loans related to seed capital investments held by subsidiaries and trading balances. The loans are repayable over a term of up to 10 years. Trading balances are short term in nature and regularly settled during the year. The majority of the intercompany loans are held with subsidiaries that hold seed capital investments and cash invested in daily-traded investment funds. Under the IFRS 9 expected credit loss model, credit risk is assessed by determining the borrower's capacity to meet contractual cash flow obligations, taking into account the available net assets to repay the intercompany loan in future periods. As at 30 June 2019, no balances are past due and no impairment is recognised (30 June 2018: no balances past due and no impairment recognised).

18) Deferred taxation

Deferred tax assets and liabilities recognised by the Group and Company at year end are attributable to the following:

			2019			2018
Group	**Other temporary differences £m**	**Share-based payments £m**	**Total £m**	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	**12.0**	**18.2**	**30.2**	11.4	14.8	26.2
Deferred tax liabilities	**(8.4)**	**–**	**(8.4)**	(7.7)	–	(7.7)
	3.6	**18.2**	**21.8**	3.7	14.8	18.5

			2019			2018
Company	**Other temporary differences £m**	**Share-based payments £m**	**Total £m**	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	**0.3**	**16.3**	**16.6**	0.2	12.8	13.0

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 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
Credited/(charged) to the consolidated statement of comprehensive income	**(0.1)**	**3.4**	**3.3**
At 30 June 2019	**3.6**	**18.2**	**21.8**

Company	Other temporary differences £m	Share-based payments £m	Total £m
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
Credited/(charged) to the statement of comprehensive income	**0.1**	**3.5**	**3.6**
At 30 June 2019	**0.3**	**16.3**	**16.6**

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 committee 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 levels that reflect the significance of inputs used in making the measurements, based on the degree to which the fair value is observable:

- 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. Valuation techniques may include using a broker quote in an inactive market or an evaluated price based on a compilation of primarily observable market information utilising information readily available via external sources.
- Level 3: Fair value measurements are derived from valuation techniques that include inputs not based on observable market data.

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 the financial year.

19) Fair value of financial instruments continued

The fair value hierarchy of financial instruments which are carried at fair value at year end is summarised below:

				2019				2018
	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	170.4	35.8	72.5	278.7	110.6	38.8	69.7	219.1
Non-current assets held for sale	–	44.7	–	44.7	–	7.6	–	7.6
Available-for-sale financial assets	–	–	–	–	–	–	5.6	5.6
Financial assets measured at FVTPL	–	14.4	1.6	16.0	–	23.5	–	23.5
Non-current financial assets at fair value	–	–	31.6	31.6	–	20.0	23.9	43.9
	170.4	94.9	105.7	371.0	110.6	89.9	99.2	299.7
Financial liabilities								
Third-party interests in consolidated funds	70.6	12.6	23.8	107.0	25.8	17.6	32.7	76.1
Derivative financial instruments	–	1.1	–	1.1	–	0.1	–	0.1
Non-current liabilities held for sale	–	–	–	–	–	0.8	–	0.8
	70.6	13.7	23.8	108.1	25.8	18.5	32.7	77.0

Available-for-sale financial assets with a carrying value of £5.6m were reclassified to the FVTPL category on the application of IFRS 9 with effect from 1 July 2018. The available-for-sale category is no longer allowable under IFRS 9.

Transfers between level 3 and level 1

The Group recognises transfers into and transfers out of fair value hierarchy levels at each reporting period based on assessments of price inputs used in the valuation of financial assets. During the year, the Group reclassified listed equity securities with a carrying value of £16.5 million from level 3 into level 1 as the fair value was determined based on quoted market prices without adjustment.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 30 June 2019 and 2018:

	Investment securities £m	Financial assets measured at FVTPL £m	Available-for-sale financial assets £m	Non-current financial assets at fair value £m	Third-party interests in consolidated funds £m
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 profit or loss	(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
Reclassification on adoption of IFRS 9 (note 3)	–	5.6	(5.6)	–	–
Additions/(disposals)	13.6	(2.2)	–	8.5	2.0
Transfers to level 1	(16.5)	–		–	(8.3)
Unrealised gains/(losses) recognised in profit or loss	1.3	(1.8)	–	(0.8)	(2.6)
Unrealised gains/(losses) recognised in other comprehensive income	4.4	–	–	–	–
At 30 June 2019	**72.5**	**1.6**	**–**	**31.6**	**23.8**

Valuation of level 3 financial assets 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, market approach making reference to other instruments that are substantially the same, discounted cash flow analysis, enterprise valuation and net assets approach. 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 could include a marketability adjustment to reflect illiquidity and/or non-transferability that could result from offering for sale at one time the Group's entire holdings of a particular financial instrument. Further details on the estimates and judgements applied by the Group are provided in note 33.

The following tables show the valuation techniques and the significant unobservable inputs used to estimate the fair value of level 3 investments as at 30 June 2019 and 2018, and the associated sensitivity to changes in unobservable inputs to a reasonable alternative.

Asset class and valuation technique	2019 Fair value £m	Significant unobservable input	Range of estimates	Sensitivity factor	Change in fair value £m
Unquoted securities					
Market approach using comparable traded multiples, recent transaction	**32.6**	EBITDA multiple	10x-20x	+/- 1x	+/- £0.9
		Marketability adjustment	10%-30%	+/- 5%	-/+ £0.8
Market multiple, break up basis (80:20)	**10.0**	Market multiple	5x-10x	+/- 1x	+/- £1.2
		Marketability adjustment	10%-20%	+/- 5%	-/+ £0.6
Market multiple, discounted cash flows (75:25)	**26.2**	Market multiple	5x-10x	+/- 1x	+/- £1.8
		WACC	10%-20%	n/a*	
Adjusted value, broker quotes	**3.1**	Marketability adjustment	20%-35%	+/- 5%	-/+ £0.2
Unquoted funds					
Net assets approach	**33.8**	NAV	1 times	+/- 5%	+/- £1.7
Total level 3 investments	**105.7**				

Asset class and valuation technique	2018 Fair value £m	Significant unobservable input	Range of estimates	Sensitivity factor	Change in fair value £m
Quoted securities					
Adjusted market value	**15.4**	Marketability adjustment	10%-30%	+/- 5%	-/+ £0.9
Unquoted securities					
Market approach using comparable traded multiples	**23.4**	EBITDA multiple	5x-10x	+/- 1x	+/- £1.5
		Marketability adjustment	10%-30%	+/- 5%	-/+ £1.2
Recent transaction, market multiple, discounted cash flows (40:30:30)	**27.4**	Market multiple	5x-10x	+/- 1x	+/- £0.9
		WACC	10%-20%	n/a*	
Adjusted value, broker quotes	**3.2**	Marketability adjustment	20%-35%	+/- 5%	-/+ £0.2
Unquoted funds					
Net assets approach	**29.8**	NAV	1 times	+/- 5%	+/- £1.5
Total level 3 investments	**99.2**				

* Given the number of different factors affecting the estimate, specific sensitivity analysis cannot be reliably quantified.

The sensitivity demonstrates the effect of a change in one unobservable input while other assumptions remain unchanged. There may be a correlation between the unobservable inputs and other factors that have not be considered. It should also be noted that some of the sensitivities are non-linear, therefore, larger or smaller impacts should not be interpolated or extrapolated from these results.

19) Fair value of financial instruments continued

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 2019 and 2018.

20) Seed capital investments

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. 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	Held-for-sale investments £m	Available-for-sale investments £m	Financial assets measured at fair value £m	Investment securities (relating to consolidated funds)* £m	Other (relating to consolidated funds)** £m	Third-party interests in consolidated funds*** £m	Non-current financial assets measured at fair value £m	Total £m
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	–	–	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
Reclassification:								
Adoption of IFRS 9 (note 3)	**–**	**(5.6)**	**5.6**	**–**	**–**	**–**	**–**	**–**
HFS investments to consolidated funds	**(10.9)**	**–**	**–**	**11.6**	**–**	**(0.7)**	**–**	**–**
FVTPL to consolidated funds	**–**	**–**	**(9.8)**	**35.4**	**–**	**(25.6)**	**–**	**–**
Consolidated funds to FVTPL	**–**	**–**	**1.2**	**(2.0)**	**–**	**0.8**	**–**	**–**
Net purchases, disposals and fair value changes	**48.8**	**–**	**(4.5)**	**14.6**	**8.3**	**(5.4)**	**(12.3)**	**49.5**
Carrying amount at 30 June 2019	**44.7**	**–**	**16.0**	**278.7**	**13.8**	**(107.0)**	**31.6**	**277.8**

* Investment securities in consolidated funds are designated as FVTPL.

** Relates to cash and other assets in consolidated funds that are not investment securities, see note 20(d).

*** Included in net purchases, disposals and fair value changes are third party subscriptions of £2.7 million, redemptions of £10.3 million and fair value movements of £2.2 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, four funds (FY2017/18: two) 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 2019 were as follows:

	2019 £m	2018 £m
Non-current financial assets held for sale	**44.7**	7.6
Non-current financial liabilities held for sale	**–**	(0.8)
Non-current assets held for sale	**44.7**	6.8

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 (FY2017/18: none).

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 (FY2017/18: two) with an aggregate carrying amount of £10.9 million (FY2017/18: £15.1 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 £3.2 million (FY2017/18: gains of £0.4 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) Financial assets measured at fair value through profit or loss

FVTPL investments at 30 June 2019 comprise shares held in debt and equity funds as follows:

	2019 £m	2018 £m
Equity funds	**4.8**	14.5
Debt funds	**11.2**	9.0
Financial assets measured at fair value	**16.0**	23.5

Included within finance income are gains of £0.3 million (FY2017/18: gains of £1.3 million) on the Group's financial assets measured at FVTPL.

c) Non-current financial assets measured at fair value

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.

	2019 £m	2018 £m
Real estate funds	**4.9**	1.5
Infrastructure funds	**17.8**	15.7
Other funds	**8.9**	26.7
Non-current financial assets measured at fair value	**31.6**	43.9

Included within finance income are gains of £0.7 million (FY2017/18: gains of £2.8 million) on the Group's non-current asset investments.

20) Seed capital investments continued

d) Consolidated funds

The Group has consolidated 13 investment funds as at 30 June 2019 (30 June 2018: 11 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.

	2019 £m	2018 £m
Investment securities*	**278.7**	219.1
Cash and cash equivalents	**14.1**	6.2
Other**	**(0.3)**	(0.7)
Third-party interests in consolidated funds	**(107.0)**	(76.1)
Consolidated seed capital investments	**185.5**	148.5

* 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 £6.5 million (FY2017/18: £4.6 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:

	2019 £m	2018 £m
Interest and dividend income	**5.5**	5.1
Gains/(losses) on investment securities	**0.5**	3.0
Change in third-party interests in consolidated funds	**3.8**	(2.4)
Other expenses	**(3.3)**	(1.1)
Net gains on consolidated funds	**6.5**	4.6

Included in the Group's cash generated from operations is £3.1 million cash utilised in operations (FY2017/18: £3.5 million cash utilised in operations) relating to consolidated funds.

As of 30 June 2019, the Group's consolidated funds were domiciled in Guernsey, Indonesia, Luxembourg, Saudi Arabia, and the United States.

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, FVTPL or non-current 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 34 to 39.

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 £557.6 million as at 30 June 2019 (30 June 2018: excess capital of £479.7 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	**2019 £m**	2018 £m
Investment securities	19	**278.7**	219.1
Non-current financial assets held for sale	19	**44.7**	7.6
Available-for-sale financial assets	19	**–**	5.6
Financial assets measured at fair value	19	**16.0**	23.5
Trade and other receivables	17	**79.4**	71.2
Cash and cash equivalents		**477.2**	433.0
Total		**896.0**	760.0

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, non-current financial assets held for sale and financial assets measured at fair value through profit or loss 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 AAA as at 30 June 2019 (30 June 2018: A+ to AA-).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2018: 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 2019

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Third-party interests in consolidated funds	**83.2**	**23.8**	**–**	**107.0**
Derivative financial instruments	**1.1**	**–**	**–**	**1.1**
Current trade and other payables	**56.1**	**–**	**–**	**56.1**
	140.4	**23.8**	**–**	**164.2**

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

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 deposits with banks and liquidity funds 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

	2019 %	2018 %
Deposits with banks and liquidity funds	**1.69**	1.04

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2019, 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 £2.3 million higher/lower (FY2017/18: £2.2 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% exchange movement in the US dollar, Colombian peso and the Euro, net of hedging activities.

	2019		2018	
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%	**0.8**	**4.4**	1.4	2.6
Euro +/- 1%	**0.1**	**0.1**	0.1	0.1
Colombian peso +/- 1%	**0.1**	**0.1**	0.2	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 financial assets measured at fair value 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 2019, a 5% movement in the fair value of these investments would have a £13.9 million (FY2017/18: £11.4 million) impact on net assets and profit before tax.

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$91.8 billion and applying the year's average net management fee rate of 48bps, a 5% movement in AuM would have a US$21.8 million impact, equivalent to £17.1 million using year end exchange rate of 1.2727, on management fee revenues (FY2017/18: 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).

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 2019, 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 2019 was £0.7 million (30 June 2018: £0.1 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:

	2019		2018	
	Notional amount £m	**Fair value assets/ (liabilities) £m**	Notional amount £m	Fair value assets/ (liabilities) £m
Cash flow hedges				
Foreign exchange nil-cost option collars	**160.0**	**(0.7)**	70.0	(0.1)
	160.0	**(0.7)**	70.0	(0.1)

The maturity profile of the Group's outstanding hedges is shown below.

Notional amount of option collars maturing:	**2019 £m**	2018 £m
Within 6 months	**60.0**	70.0
Between 6 and 12 months	**60.0**	–
Later than 12 months	**40.0**	–
	160.0	70.0

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.

No intrinsic gain/loss (FY2017/18: £0.2 million intrinsic gain) on the Group's hedges has been recognised through other comprehensive income and £0.9 million intrinsic value gain (FY2017/18: £1.2 million intrinsic value gain) was reclassified from equity to the statement of comprehensive income in the year.

Included within the net realised and unrealised hedging gain of £5.1 million (note 7) recognised at 30 June 2019 (£1.8 million gain at 30 June 2018) are:

- a £0.3 million gain in respect of foreign exchange hedges covering net management fee income for the financial year ending 30 June 2019 (FY2017/18: £0.6 million gain in respect of foreign exchange hedges covering net management fee income for the financial year ended 30 June 2018); and
- a £4.8 million gain in respect of crystallised foreign exchange contracts (FY2017/18: £1.2 million gain).

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:

	2019 £m	2018 £m
Cash and cash equivalents	**150.3**	159.2
Trade and other receivables	**495.0**	467.9
Total	**645.3**	627.1

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 AAA as at 30 June 2019 (30 June 2018: A+ to AA-).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2018: 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

	2019 %	2018 %
Deposits with banks and liquidity funds	**0.84**	0.67

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2019, 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 £0.8 million higher/lower (FY2017/18: £1.6 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 2019, 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 £4.9 million (FY2017/18: increased/decreased by £4.8 million).

22) Share capital

Authorised share capital

Group and Company	**2019 Number of shares**	**2019 Nominal value £'000**	2018 Number of shares	2018 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	**2019 Number of shares**	**2019 Nominal value £'000**	2018 Number of shares	2018 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 2019, there were equity-settled share awards issued under the Omnibus Plan totalling 40,668,934 (30 June 2018: 40,470,000) shares that have release dates ranging from September 2019 to September 2023. 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 30 June 2019, the EBT owned 40,355,103 (30 June 2018: 36,679,643) ordinary shares of 0.01p with a nominal value of £4,036 (30 June 2018: £3,668) and shareholders' funds are reduced by £119.1 million (30 June 2018: £112.4 million) in this respect. The EBT is periodically funded by the Company for these purposes.

24) Treasury shares

During the year, the Company transferred 5,368,331 treasury shares with a cost value of £6.9 million to the EBT. The Company did not hold treasury shares as at 30 June 2019 (30 June 2018: the Company held 5,368,331 treasury shares with a market value of £20.0 million).

25) Trade and other payables

	Group 2019 £m	Group 2018 £m	**Company 2019 £m**	Company 2018 £m
Current				
Trade payables	**22.1**	23.4	**1.6**	3.4
Accruals and provisions	**34.0**	33.9	**29.3**	25.8
Amounts due to subsidiaries	**–**	–	**7.3**	46.8
Total trade and other payables	**56.1**	57.3	**38.2**	76.0

26) Interests in subsidiaries

Operating subsidiaries held by the Company

There were no movements in investments in subsidiaries held by the Company during the year.

Company	**2019 £m**	2018 £m
Cost		
At 30 June 2018 and 30 June 2019	**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 2019. A full list of the Group's subsidiaries and all related undertakings is disclosed in note 34.

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 Avenida (Real Estate) Investments LLP	Colombia	**56.00**
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**

Consolidated funds

The Group consolidated the following 13 investment funds as at 30 June 2019 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	**40.55**
Ashmore Emerging Markets Debt and Currency Fund Limited	Blended debt	Guernsey	**100.00**
Ashmore SICAV Emerging Markets Equity Fund	Equity	Luxembourg	**90.09**
Ashmore SICAV EM Active Equity Fund	Equity	Luxembourg	**44.64**
Ashmore SICAV EM Indonesian Equity Fund	Equity	Luxembourg	**100.00**
Ashmore SICAV 2 Global Bond Fund	Local currency	Luxembourg	**100.00**
Ashmore SICAV Multi Asset Fund	Multi-asset	Luxembourg	**53.43**
Ashmore SICAV Investment Grade Total Return Fund	Blended debt	Luxembourg	**69.51**
Ashmore SICAV Global Small-Cap Equity Fund	Equity	Luxembourg	**44.43**
Ashmore Saudi Equity Fund	Equity	Saudi Arabia	**64.18**
Ashmore Emerging Markets Equity Fund	Equity	USA	**81.78**
Ashmore Emerging Markets Active Equity Fund	Equity	USA	**88.72**

27) Interests in associates and joint ventures

The Group held interests in the following associates and jointly controlled entities as at 30 June 2019 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%
Mesa Capital Advisors LLC**	Joint venture	Investment management	Colombia	50%

* Everbright Ashmore associate entities are in process of liquidation.

** Mesa Capital Advisors LLC is a 50% joint venture in a capital raising and placement business acquired as part of AshmoreAVENIDA (see note 31).

Movements in investments in associates and joint ventures during the year were as follows:

Associates and joint ventures	**2019 £m**	2018 £m
At the beginning of the year	**1.7**	2.3
Additions/(disposals)	**0.4**	–
Share of profit/(loss)	**(0.3)**	(0.4)
Distributions	**–**	(0.2)
At the end of the year	**1.8**	1.7

27) Interests in associates and joint ventures continued

The summarised aggregate financial information is shown below.

Associates and joint ventures	2019 £m	2018 £m
Total assets	**23.7**	25.4
Total liabilities	**(9.1)**	(5.7)
Net assets	**14.6**	19.7
Group's share of net assets	**2.1**	2.2
Revenue for the year	**9.2**	10.9
Profit/(loss) for the year	**(1.3)**	(3.2)
Group's share of profit/(loss) for the year	**(0.3)**	(0.4)

The carrying value of the investments in associates and joint ventures represents the cost of acquisition subsequently adjusted for share of profit or loss and other comprehensive income or loss. No permanent impairment is believed to exist relating to the associates and joint ventures as at 30 June 2019. The Group had no undrawn capital commitments (30 June 2018: £5.0 million) to investment funds managed by the associates.

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 2019	**91.8**	**0.4**	**91.4**

Included in the Group's consolidated management fees of £307.6 million (FY2017/18: £259.7 million) are management fees amounting to £305.1 million (FY2017/18: £258.0 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.

	2019 £m	2018 £m
Management fees receivable	**46.4**	38.3
Trade and other receivables	**1.7**	0.5
Seed capital investments	**92.3**	79.8
Total exposure	**140.4**	118.6

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:

	2019 £m	2018 £m
AA Development Capital India Fund 1 LLC	–	1.2
Ashmore Andean Fund II, LP	**0.5**	1.4
Ashmore Avenida Colombia Real Estate Fund I (Cayman) LP	**0.3**	–
Ashmore Emerging Markets Corporate Private Debt Fund	–	0.3
Ashmore I – CAF Colombian Infrastructure Senior Debt Fund	**12.7**	13.8
Ashmore Special Opportunities Fund LP	**7.7**	9.0
Everbright Ashmore China Real Estate Fund	–	1.4
KCH Healthcare LLC	–	1.8
VTBC-Ashmore Real Estate Partners I, LP	–	3.6
Total undrawn investment commitments	**21.2**	32.5

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:

	2019 £m	2018 £m
Short-term benefits	**1.7**	1.7
Defined contribution pension costs	–	–
Share-based payment benefits	**1.6**	1.2
	3.3	2.9

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 62 to 93.

During the year, there were no other transactions entered into with key management personnel (FY2017/18: none). Aggregate key management personnel interests in consolidated funds at 30 June 2019 were £44.6 million (30 June 2018: £37.8 million).

Transactions with subsidiaries – Company

Details of transactions between the Company and its subsidiaries are shown below:

	2019 £m	2018 £m
Transactions during the year		
Management fees	**77.1**	81.9
Net dividends	**174.4**	118.4
Loans advanced to/(repaid by) subsidiaries	**8.1**	100.4

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 £158.9 million of gross management fees and performance fees (FY2017/18: £133.0 million) from the 109 funds (FY2017/18: 91 funds) it manages and which are classified as related parties. As at 30 June 2019, the Group had receivables due from funds of £6.7 million (30 June 2018: £5.5 million) that are classified as related parties.

29) Related party transactions continued

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 2019, the loan outstanding was £106.3 million (30 June 2018: £102.7 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 (FY2017/18: £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

	2019 £m	2018 £m
Within 1 year	**2.5**	2.5
Between 1 and 5 years	**8.7**	3.5
Later than 5 years	**2.6**	2.3
	13.8	8.3

Company

	2019 £m	2018 £m
Within 1 year	**1.3**	0.9
Between 1 and 5 years	**5.2**	–
Later than 5 years	**1.0**	–
	7.5	0.9

Operating lease expenses are disclosed in note 11.

Company

The Company has undrawn loan commitments to other Group entities totalling £276.6 million (30 June 2018: £53.2 million) to support their investment activities but has no investment commitments of its own (30 June 2018: none).

31) Acquisition of subsidiary

On 18 July 2018, the Group acquired a 56% controlling interest in Ashmore Avenida Investments (Real Estate) LLP (AshmoreAVENIDA), the holding company of a Colombian real estate investment management firm, for a total consideration of £11.0 million.

The acquisition of AshmoreAVENIDA has enhanced the Group's local presence in Latin America and contributed additional AuM of US$300 million as at the acquisition date. The acquisition has provided Ashmore with the track record, commercial network and expertise necessary to develop the Group's real estate products across Latin America by creating a regional real estate franchise with a focus in key markets in Colombia, Peru, Chile and Central America. Over time, the Group plans to develop additional real estate operations in other Emerging Markets.

Since completion of the acquisition, the business has contributed net revenue of £4.5 million and net profit of £1.4 million to the Group results.

Consideration transferred

The total purchase consideration paid on acquisition is summarised below:

	£m
Total purchase consideration	11.0
Adjustment to purchase price	(0.6)
Consideration transferred	**10.4**
Settled as follows:	
Cash paid	5.2
Ordinary shares of Ashmore Group plc allotted	5.2
Total	**10.4**

The Group allotted 1.4 million ordinary shares of Ashmore Group plc to former owners of AshmoreAVENIDA as part settlement of the purchase consideration. The fair value of the ordinary shares was based on the average closing share price of Ashmore Group plc for the five business days to 18 July 2018 of £3.58 per share.

Purchase consideration – cash outflow

Below is the reconciliation of the outflow of cash to acquire the subsidiary, net of cash acquired.

	£m
Cash consideration	5.2
Less: Cash balances acquired	(0.3)
Net outflow of cash – investing activities	**4.9**

Acquisition-related costs

The Group incurred acquisition-related costs of £0.6 million on legal fees and due diligence on the transaction that have been expensed to profit and loss, of which £0.3 million is included in the current period results within other expenses.

31) Acquisition of subsidiary continued

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	£m
Property, plant and equipment	**0.1**
Intangible assets	**0.9**
Net investment in joint venture	**0.4**
Financial assets	**5.3**
Trade and other receivables	**0.3**
Cash and cash equivalents	**0.3**
Trade and other payables	**(0.8)**
Total identifiable net assets acquired	**6.5**

The valuation techniques used for measuring the fair value of material identifiable assets acquired are as follows:

- Intangible assets reflect the discounted value of management contracts in relation to closed-ended funds and projects, and a contractually agreed share of carried interest expected to be received from the funds. The discounted cash flow model takes account of expected revenues based on contractual rates and net asset value of the funds managed as at the date of acquisition. Carried interest cash flow estimates are based on an assessment of the stage of the fund life cycle, fund term, and projected returns based on historical experience of exited portfolio assets, as well as taking into account forward-looking information regarding the prospects of the remaining portfolio assets. The discount rate applied is based on the Group's weighted average cost of capital, adjusted for risk factors such as country risk, foreign exchange and the nature of the specific cash flows. Additional information on impairment review is provided in note 15.
- Net investment in joint venture represents the fair value of AshmoreAVENIDA's investment in Mesa Capital Advisors LLC, a 50% joint venture in a capital raising and placement company. Fair value is determined as the recoverable value of the investment as at the date of acquisition, based on selling price in the ordinary course of business less estimated selling costs.
- Financial assets represent the fair value of the acquired seed capital investments in two closed-ended funds managed by AshmoreAVENIDA as at the date of acquisition. Fair value is estimated with reference to the proportionate net asset value of the fund as at the date of acquisition. Net asset value is calculated with reference to valuations carried out by independent valuation experts.

The impact on deferred tax related to recognised intangible assets is immaterial.

Goodwill

Goodwill arising from the acquisition of AshmoreAVENIDA has been recognised as follows:

	£m
Consideration transferred	**10.4**
Non-controlling interest, based on fair value	**9.0**
Fair value of identifiable net assets	**(6.5)**
Goodwill	**12.9**

The goodwill is primarily attributed to the future economic benefits expected from other assets acquired that are not individually identified and separately recognised under the recognition principles of IFRS 3 Business Combinations. The value of these assets has been subsumed into goodwill and include the workforce, the founders' commercial network and track record, expertise in Latin America real estate investment management, and the growth potential expected to be achieved by integrating AshmoreAVENIDA's operations into the Group's existing platform. The Group plans to expand its real estate capabilities from utilising AshmoreAVENIDA's local presence and expertise in Latin America, together with benefiting from its well-established processes on origination, due diligence, underwriting, structuring, ESG framework, and capital raising and project management capabilities.

Non-controlling interests (NCI)

The Group recognises NCI in an acquired entity either at fair value or at the NCI's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis and the Group elected to recognise the NCI in AshmoreAVENIDA at fair value. Set out below is summarised financial information for AshmoreAVENIDA that has material NCI to the Group. The amounts disclosed are before intercompany eliminations.

Summarised balance sheet	2019 £m
Total assets	**7.0**
Total liabilities	**(0.5)**
Net assets	**6.5**
Accumulated NCI	**9.0**
Summarised statement of comprehensive income	
Net revenue	**4.5**
Profit for the period	**1.4**
Other comprehensive income	**0.2**
Total comprehensive income	**1.6**
Profit allocated to NCI	**0.5**
Dividends paid to NCI	**0.5**
Summarised cash flows	
Cash flows from operating activities	**0.7**
Cash flows from investing activities	**0.2**
Cash flows from financing activities	**(0.5)**
Net increase in cash and cash equivalents	**0.4**

32) Post-balance sheet events

There are no post balance sheet events that require adjustment or disclosure in the Group consolidated financial statements.

33) Significant accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of certain accounting estimates, and management to exercise its judgement in the process of applying the Group's accounting policies. The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of unquoted investment securities using unobservable inputs.

Valuation of unquoted investments

In determining the fair value of seed capital investments, the Group makes estimates to determine the inputs used in valuation techniques. The degree of estimation involved depends on the individual financial instrument and is reflected in the fair value hierarchy. The fair value hierarchy also reflects the extent of judgements used in the valuation. Judgement may include determining the accounting classification, the appropriate valuation approach to use as well as determining appropriate assumptions. For level 3 investments, the judgement applied by the Group gives rise to an estimate of fair value.

As at 30 June 2019, approximately 10% of the Group's total assets by value are level 3 investments, whose fair value has been estimated using valuation techniques incorporating inputs that are not based on observable market data. The Group's level 3 investments comprise unquoted securities held in consolidated funds and interests in unconsolidated funds. The securities may include all asset types but are frequently special situations investments, typically incorporating distressed, illiquid or private investments. The methodology and models used to determine fair value are created in accordance with International Private Equity and Venture Capital Valuation Guidelines 2015.

Due to the high level of judgement involved, the Group has a separate Pricing Methodology and Valuation Committee (PMVC) to review the valuation methodologies, inputs and assumptions used to value individual investments. Smaller investments may be valued directly by the PMVC but material investments are valued by an independent third-party valuation specialist. Such valuations are subject to review and approval by the PMVC, whose activities are included in the Risk management section on pages 34 and 39.

Valuation techniques used include the market approach, the income approach or the net assets approach depending on the availability of reliable information. The market approach consists of using comparable transactions and applying either EBITDA (earnings before interest, tax, depreciation and amortisation) multiples or market multiples (based on comparable public company information). The use of the income approach consists of using the net present value derived from discounting estimated future cash flows using the weighted average cost of capital (WACC), adjusted as deemed appropriate for liquidity, credit, market and other risk factors. The net assets approach is based on the net asset value (NAV) for the level 3 fund investments determined as at year end.

The significant unobservable inputs used in valuation techniques are EBITDA and market multiples for the market approach, WACC for the income approach and NAV for the net assets approach. A marketability adjustment is applied for certain level 3 investment securities to reflect illiquidity and/or non-transferability that could result from offering for sale at one time the Group's entire holdings of a particular financial instrument. Further details on the valuation methodologies applied by the Group in the valuation of level 3 investments as at 30 June 2019 are provided in note 19, including details of the significant unobservable inputs and the associated sensitivities to changes in unobservable inputs to a reasonable alternative.

34) Subsidiaries and related undertakings

The following is a full list of the Ashmore Group plc subsidiaries and related undertakings as at 30 June 2019. The list includes significant holdings greater than 20% interest, comprising 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 Avenida (Real Estate) Investments LLP	Subsidiary	56.00	
Ashmore Investment Management (Ireland) Limited	Subsidiary	100.00	32 Molesworth Street, Dublin 2 D02 Y512
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 (in liquidation)	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	Pacific Century Place 18th Floor, SCBD Lot 10 Jl. Jenderal. Sudirman Kav.52-53 Jakarta 12190, Indonesia
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 Investment Advisors Colombia S.A. Sociedad Fiduciaria	Subsidiary	100.00	
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, 4ºA 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	64.18	
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	

34) Subsidiaries and related undertakings continued

Name	Classification	% interest	Registered address
Ashmore EM 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	40.55	
Ashmore Emerging Markets Debt and Currency Fund Limited	Consolidated fund	100.00	
Ashmore SICAV EM Global Small-Cap Equity Fund	Consolidated fund	44.43	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	53.43	
Ashmore SICAV Active Equity Fund	Consolidated fund	44.64	
Ashmore SICAV Emerging Markets Equity Fund	Consolidated fund	90.09	
Ashmore SICAV EM Indonesian Equity Fund	Consolidated fund	100.00	
Ashmore SICAV Investment Grade Total Return Fund	Consolidated fund	69.51	
Ashmore SICAV EM Absolute Return Debt Fund	Significant holding	27.81	
Ashmore Emerging Markets Equity Fund	Consolidated fund	81.78	50 South LaSalle Street Chicago, Illinois 60603
Ashmore Emerging Markets Active Equity Fund	Consolidated fund	88.72	
Everbright Ashmore Services and Consulting Limited (in liquidation)	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 (in liquidation)	Associate	30.00	
Everbright Ashmore Real Estate Partners Limited (in liquidation)	Associate	30.00	190 Elgin Avenue, George Town, Grand Cayman KY1-9007, Cayman Islands
Everbright Ashmore Investment Management Limited (in liquidation)	Associate	30.00	
Ashmore Investment Management India LLP	Associate	30.00	507A Kakad Chambers Dr Annie Besant Road Worli, Mumbai 400 018, India
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

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Management fees	**307.6**	259.7	226.2	197.1	250.2
Performance fees	**2.8**	21.9	28.3	10.4	13.3
Other revenue	**5.9**	4.1	2.7	4.1	4.6
Total revenue	**316.3**	285.7	257.2	211.6	268.1
Distribution costs	**(13.3)**	(9.2)	(4.6)	(1.2)	(2.9)
Foreign exchange	**11.3**	(0.2)	5.0	22.1	18.1
Net revenue	**314.3**	276.3	257.6	232.5	283.3
Gain/(loss) on investment securities	**0.5**	3.0	22.4	(5.7)	(3.6)
Change in third-party interests in consolidated funds	**3.8**	(2.4)	(12.5)	3.4	0.8
Personnel expenses	**(26.5)**	(24.2)	(24.8)	(24.1)	(24.8)
Variable compensation	**(57.7)**	(48.6)	(43.0)	(35.6)	(42.4)
Other operating expenses	**(31.6)**	(27.6)	(32.9)	(32.6)	(32.3)
Total operating expenses	**(111.5)**	(100.4)	(100.7)	(92.3)	(99.5)
Operating profit	**202.8**	176.5	166.8	137.9	181.0
Finance income	**17.4**	15.2	38.6	31.5	7.0
Finance expenses	**–**	–	–	(0.2)	(5.1)
Share of profits/(losses) from associates and joint ventures	**(0.3)**	(0.4)	0.8	(1.7)	(1.6)
Profit before tax	**219.9**	191.3	206.2	167.5	181.3
Tax expense	**(38.4)**	(37.8)	(36.7)	(38.8)	(41.3)
Profit for the year	**181.5**	153.5	169.5	128.7	140.0
EPS (basic)	**26.6p**	22.6p	25.1p	19.1p	20.3p
Dividend per share	**16.7p**	16.7p	16.7p	16.7p	16.7p
Other operating data (unaudited)					
AuM at year end (US$bn)	**91.8**	73.9	58.7	52.6	58.9
Average AuM (US$bn)	**80.5**	69.2	54.8	52.1	66.4
Average GBP:USD exchange rate for the year	**1.30**	1.35	1.28	1.48	1.58
Period end GBP:USD exchange rate for the year	**1.27**	1.32	1.29	1.32	1.57

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	**14 October 2019**
Annual General Meeting	**18 October 2019**
Ex-dividend date	**31 October 2019**
Record date	**1 November 2019**
Final dividend payment date	**6 December 2019**
Second quarter AuM statement	**January 2020**
Announcement of unaudited interim results for the six months ending 31 December 2019	**February 2020**
Third quarter AuM statement	**April 2020**
Fourth quarter AuM statement	**July 2020**
Announcement of results for the year ending 30 June 2020	**September 2020**

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 2019 Annual Report and Accounts and other publications
Copies of the 2019 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 (linesare 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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Ashmore Group plc
61 Aldwych
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United Kingdom

www.ashmoregroup.com