Ashmore

Annual Report and Accounts 2017

DELIVERING Emerging Markets

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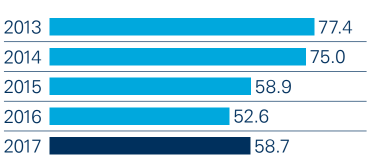
2017 Financial overview

Assets under management (AuM)

US$58.7bn

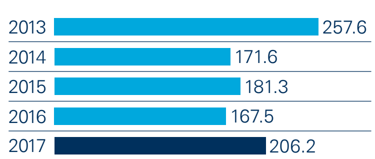
2016: US$52.6bn



Profit before tax

£206.2m

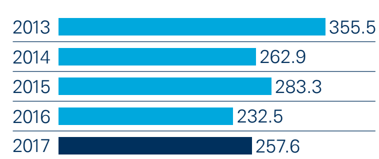
2016: £167.5m



Net revenue

£257.6m

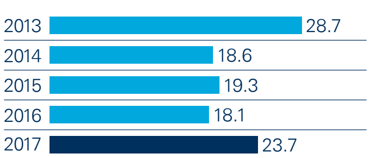
2016: £232.5m



Diluted EPS

23.7p

2016: 18.1p



Adjusted EBITDA margin

65%

2016: 62%

Dividends per share

16.65p

2016: 16.65p

More information
Non-GAAP alternative performance measures are defined on page 29 and a reconciliation to GAAP measures is provided on page 24.
Five-year comparatives for other alternative performance measures are included in the five-year summary on page 129.

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**

Emerging Markets are delivering strong economic growth, built on the foundations of some of the world's most advanced technologies and manufacturing processes and increasing export trade.

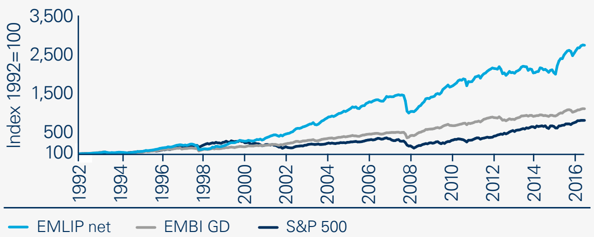
Ashmore's unrelenting focus on Emerging Markets seeks to capitalise on these trends to deliver investment performance for clients and value for shareholders.

An Emerging Markets specialist delivering strong performance

Focused on Emerging Markets

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

Attractive long-term investment returns

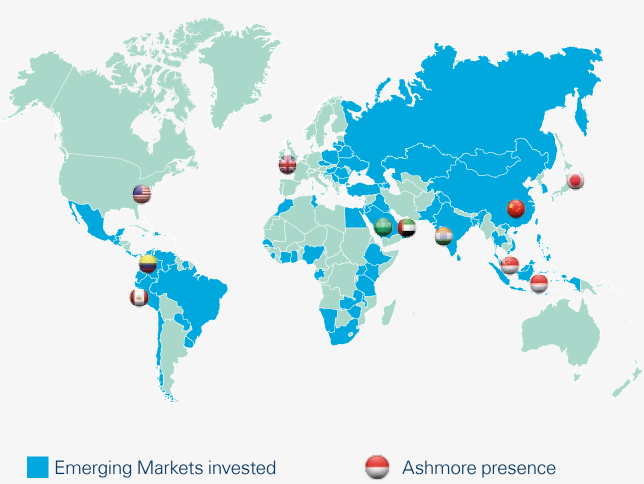


Cumulative monthly returns since October 1992
Source: Ashmore, Bloomberg, JP Morgan

- Emerging Markets account for the majority of the world's population (87%) and GDP (58%) yet only a small proportion (20%) of the world's debt
- The structural growth opportunity is therefore substantial and inefficient asset classes mean specialist, active management is key to delivering superior investment returns

Extensive worldwide network

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

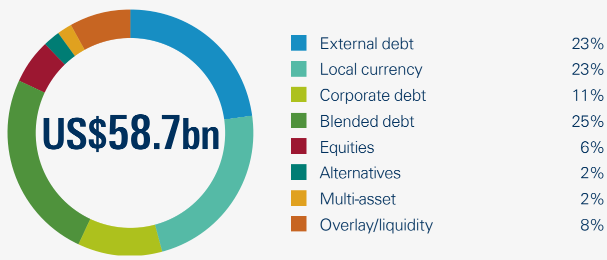


See page 16 for more on Emerging Markets performance

A unique investment approach

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

Group AuM by investment theme

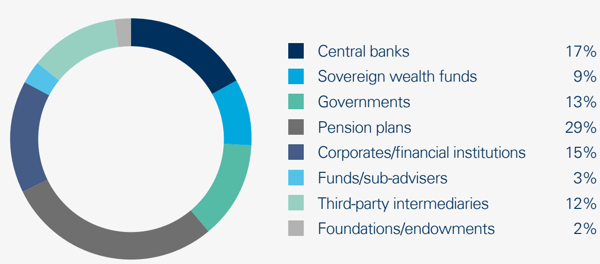


- Deep understanding of Emerging Markets underpins active, value-based investment philosophy
- Processes add risk when markets have been oversold relative to fundamentals
- Investment committees mean no individual manages funds and there is not a star culture
- Track record extends more than 25 years

Highly diversified client base

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

Group AuM by investor type



- Institutional clients represent 88% of Group AuM
- Growing contribution from retail clients accessed through third-party intermediaries
- One-third of AuM sourced from clients domiciled in Emerging Markets

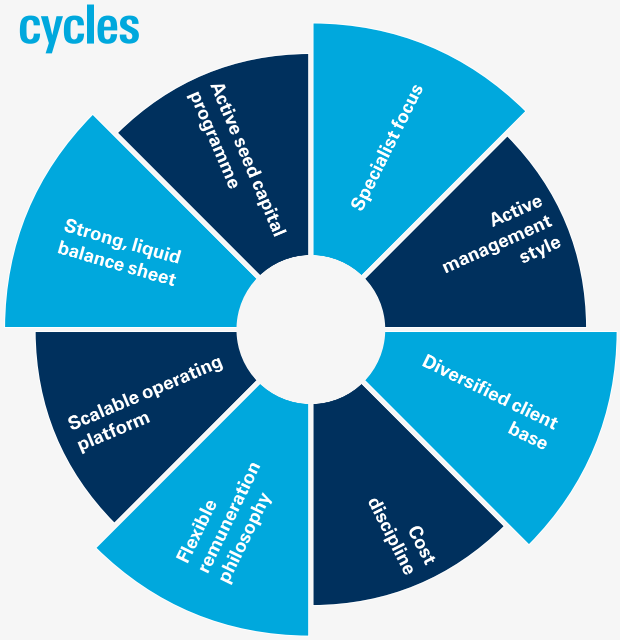
See pages 6 & 22 for Ashmore's unique, diversified approach

A distinctive three-phase strategy

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

1. Establish Emerging Markets asset class
2. Diversify developed world capital sources and themes
3. Mobilise Emerging Markets capital

Business model is robust, scalable and proven across cycles



See pages 8 & 12 for Ashmore's business model and strategy

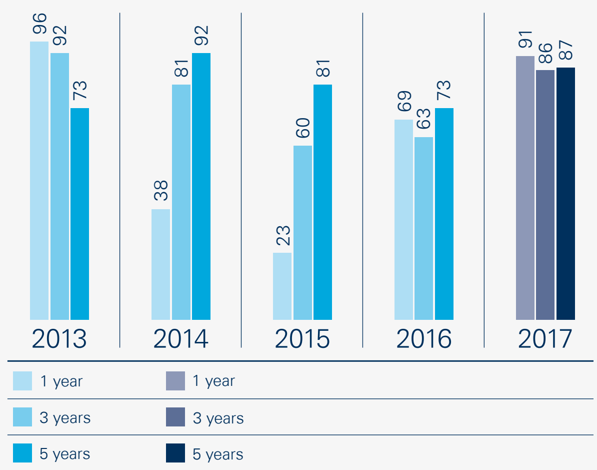
Delivering long-term performance for our stakeholders

Ashmore's business model seeks to deliver sustainable long-term performance for clients and shareholders.

Investment performance

The Group's value-based investment processes are delivering strong investment performance for clients, after identifying attractive investment opportunities in the highly diversified Emerging Markets investment universe and adding risk in earlier periods of market weakness.

% of AuM outperforming benchmarks (gross)



Adjusted EBITDA margin
65%
2016: 62%

Strong conversion of operating profits to cash
109%
2016: 97%

Diluted EPS
23.7p
2016: 18.1p

Dividends per share
16.65p
2016: 16.65p

See page 30 for more on Ashmore's shareholder returns

A unique investment approach

The Emerging Markets investment universe is large, diversified and delivering strong performance

Ashmore has focused on Emerging Markets investing for 25 years. Over that period, it has established a diversified range of eight headline investment themes with dedicated strategies under each theme delivering either global Emerging Markets exposure or specific regional or country exposure.

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

Blended debt

Mandates specifically combine external, local currency and corporate debt investments measured against tailor-made blended indices.

First fund: 2003
Theme AuM: US$14.6bn

Size of universe

US$**20.1**trn

12-month benchmark index return

+5.9%

Corporate debt

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

First fund: 2007
Theme AuM: US$6.3bn

Size of universe

US$**10.8**trn

12-month benchmark index return

+6.8%

Local currency

Invests in local currencies and local currency-denominated instruments issued by sovereign, quasi-sovereign and corporate issuers.

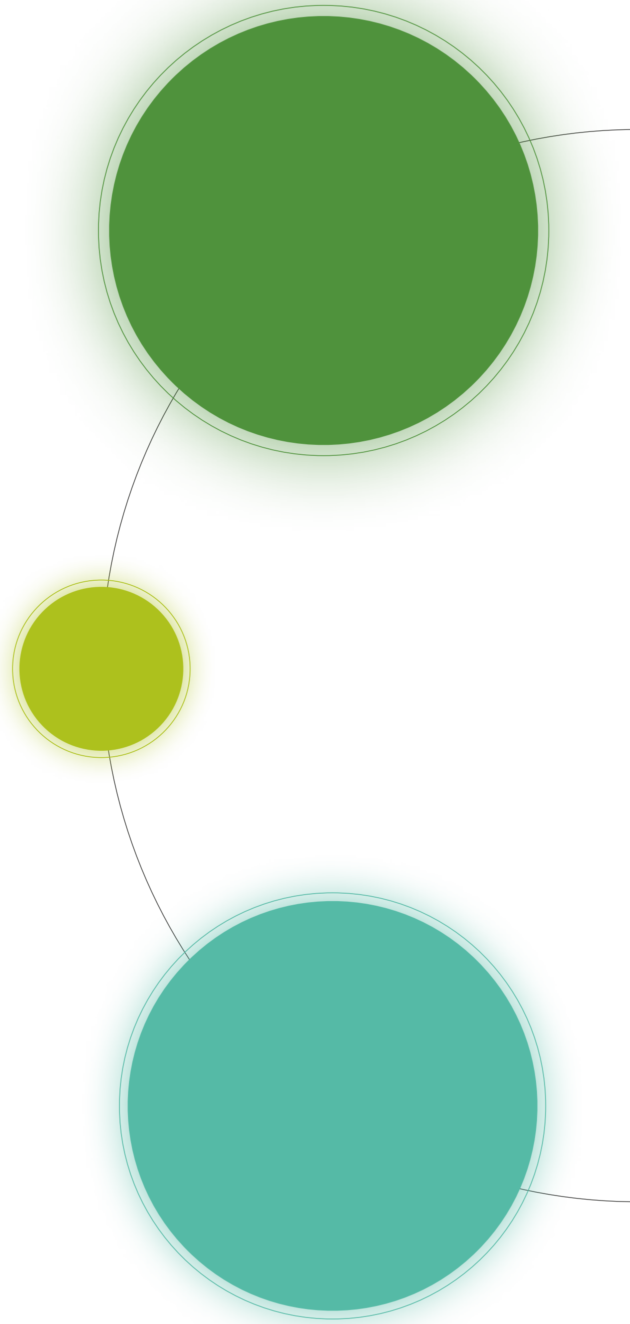
First fund: 1997
Theme AuM: US$13.7bn

Size of universe

US$**8.3**trn

12-month benchmark index return

+6.4%



Each circle is a representation of the investment theme AUM

Equities

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

First fund: 1988
Theme AuM: US$3.4bn

Size of universe

US$**24.5**trn

12-month benchmark index return

+23.8%

Alternatives

Provides access to private equity, healthcare, infrastructure, special situations, distressed debt and real estate investment opportunities.

First fund: 1998
Theme AuM: US$1.5bn

Multi-asset

Specialised, efficient, all-in-one access to strategic asset allocation across the full Emerging Markets investment universe.

First fund: 2000
Theme AuM: US$1.1bn

Size of universe

US$**44.6**trn

12-month benchmark index return

+14.6%

Overlay/liquidity

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

First fund: 2007
Theme AuM: US$4.8bn

External debt

Invests in debt instruments issued by sovereigns (governments) and quasi-sovereigns (government-sponsored).

First fund: 1992
Theme AuM: US$13.3bn

Size of universe

US$**1.0**trn

12-month benchmark index return

+6.0%

DELIVERING
through long-established processes

Tried and tested processes

The Czech Republic has a long tradition of specialism in automotive manufacturing, including substantial experience in producing agricultural machinery.

The automotive industry benefits from efficient infrastructure and a skilled and affordable labour force, and is the most important industrial sector within the Czech economy, both for domestic demand and exports. Automotive parts and cars are the Czech Republic's largest exports, delivering annual trade worth US$29 billion and representing 20% of the economy's total exports in 2015.

Source: Observatory of Economic Complexity

Ashmore's investment processes deliver strong performance across market cycles

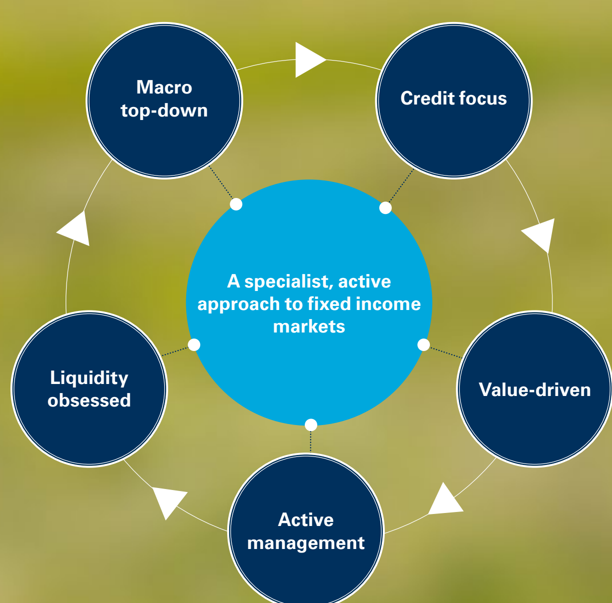
Ashmore's investment processes are managed by committees, reducing the risk of performance being associated with or influenced by any individual portfolio manager. The rigorous implementation of the processes over more than 25 years has delivered consistent outperformance for clients across multiple market cycles.

AuM outperforming over one year (gross)

91%

AuM outperforming over three years (gross)

86%



A robust and scalable business model

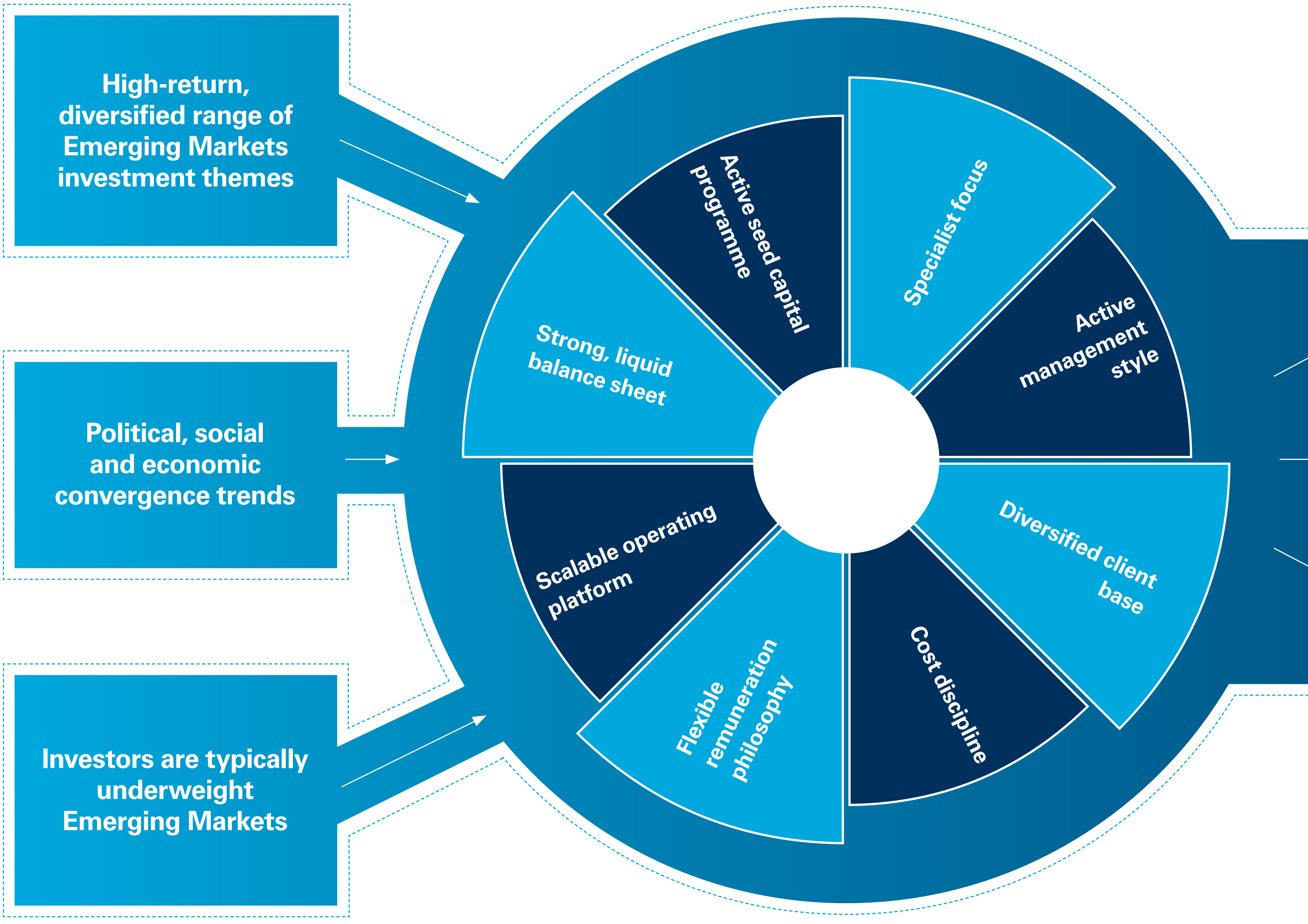
Ashmore's business model delivers value to clients and shareholders across market cycles

Opportunities

Emerging Markets present investors with significant structural growth opportunities

Distinctive processes to generate value

Ashmore's business model captures the benefits of the long-term growth opportunities



Delivery of long-term value

The business model delivers demonstrable value for clients and shareholders across market cycles

Strong long-term investment performance for clients

Significant alpha delivered over market cycles

86% AuM outperforming over three years

Interests aligned through employee equity ownership

Variable remuneration biased towards long-dated equity awards

Employees own ~47% of shares

Value for shareholders

65% adjusted EBITDA margin

Strong cash generation

Progressive dividends

Active Emerging Markets specialism delivering performance across cycles

As expected, Emerging Markets generated good returns over the past year both in absolute terms and relative to Developed Markets, and capital flows into Emerging Markets have resumed. With this favourable backdrop, Ashmore continues to deliver strong investment performance for clients, and its business model has performed as expected with good operational and financial performance demonstrated by the increase in the Group's revenues, adjusted EBITDA margin and diluted EPS. The ongoing improvements in economic and political fundamentals across Emerging Markets compare favourably with the structural growth challenges in the developed world, and provide substantial opportunities for Ashmore to continue to deliver value for clients and shareholders.

Emerging Markets backdrop

Index returns across the main Emerging Markets asset classes were strong over the year to 30 June 2017 and ranged from +6% in external debt to +24% in equities. This means that Emerging Markets assets continue to outperform their developed world counterparts, in both fixed income and equity markets. While the rally has not been a straight line, the brief interruptions have been caused by events in the developed world, such as the US election result in November 2016. The consequent reset in Emerging Markets prices presented attractive value opportunities for investors, most of whom are underweight the asset classes.

Investment performance and AuM growth

Ashmore's investment performance is strong, as expected at this point in the market cycle, with outperformance relative to benchmarks and peers reflecting the decisions to add risk when market conditions were weaker and Ashmore's active investment processes identified and acted upon the significant value available across a wide range of asset classes. The market recovery is in its early stages, with plenty of value still to be captured by active managers. The positive outlook, described in more detail in the Market review, provides the potential for continued outperformance by Ashmore's investment processes that have been consistently deployed over the past 25 years. As the chart below shows, since its inception in 1992, Ashmore's first fixed income fund, EMLIP, has delivered consistent outperformance against its benchmark, the JP Morgan EMBI GD index, and for comparison the S&P 500 equity index.

Ashmore's assets under management increased by 12% over the 12 months from US$52.6 billion to US$58.7 billion, through positive investment performance of US$4.2 billion and net inflows of US$1.9 billion. As the cycle turned, gross sales momentum picked up and the second half of the year delivered consecutive quarters of net inflows.

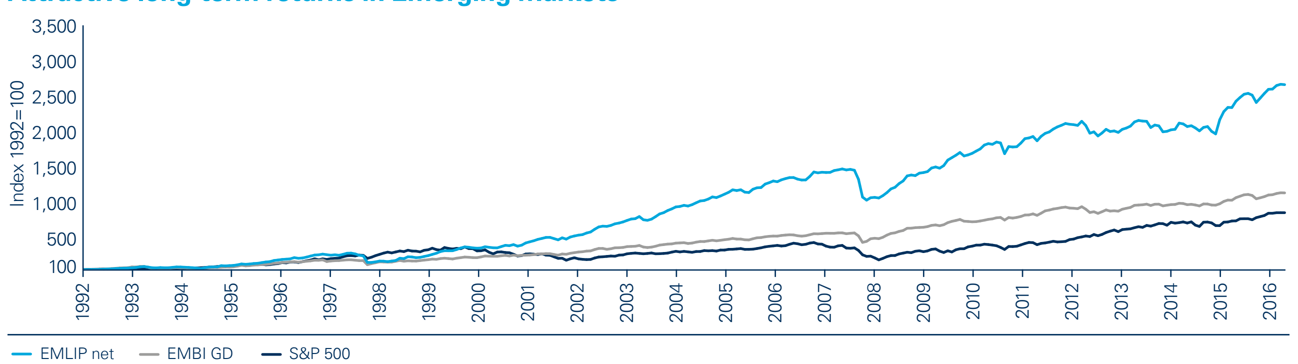
The typical investor is underweight Emerging Markets, with an allocation of less than 10% and in some cases well below 5%, compared with representative benchmark weights of 20%. This presents a significant medium-term growth opportunity, as investors should raise allocations towards benchmark weights, and those benchmarks increasingly reflect the growing relevance of Emerging Markets within the world's economy and capital markets.

Financial performance

Reflecting the growth in assets under management, the Group's net revenue increased by 11% year-on-year. The favourable market environment also provided opportunities to generate performance fees, although the vast majority (89%) of the Group's fee income continues to be derived from recurring net management fees.

The Group's disciplined control of fixed costs limited operating cost growth excluding consolidated funds to 7% and notwithstanding investment in the rapidly expanding local market platforms in countries such as Colombia, Indonesia and Saudi Arabia. Consequently, the adjusted EBITDA margin rose from 62% to 65%. Cash generation in the period was strong, with

Attractive long-term returns in Emerging Markets



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

109% of adjusted EBITDA converted to cash flow excluding consolidated funds of £174.8 million. The Group's balance sheet remains well-capitalised and liquid, with total regulatory financial resources of £559.4 million compared with a regulatory capital requirement of £111.1 million, and cash and cash equivalents excluding amounts held in consolidated funds of £420.1 million.

Profit before tax increased by 23% to £206.2 million, with the Group's actively-managed seed capital programme contributing profits of £41.0 million. Diluted EPS increased by 31% to 23.7 pence, and the Board has proposed a final dividend per share of 12.10 pence to give total dividends per share of 16.65 pence for the year.

Strategic and business developments

There are several prominent themes that will affect the asset management industry over the medium term, including the increase in passive investing in certain markets, continual regulatory developments, and, partly in response to some of the perceived challenges, the industry has seen some consolidation activity.

In relation to recent regulatory developments such as MiFID2, Ashmore has been working towards the implementation date of January 2018 and consequently is well prepared and believes the impact on its business model will be manageable.

Ashmore's strategy and business model are designed to deliver value to clients and shareholders over the longer term by growing a high-quality, diversified, focused, specialist active investment management business. This should mean that Ashmore is well placed to deal with any medium-term industry challenges and to take advantage of the opportunities that may arise.

Phase 1: Emerging Markets investment universe continues to grow

The Emerging Markets investment universe continues to grow rapidly and now comprises US$44.6 trillion of fixed income and equity securities, an increase of 12% or US$4.7 trillion over the past 12 months. While the representation of these markets in benchmark indices remains inadequate, with just 8% of bonds and 18% of equities included in indices, this presents a substantial set of investment opportunities for active investment managers to address outside of those securities meeting the rigid index eligibility criteria. Furthermore, over time, some countries will remove the impediments to index inclusion, for example by improving foreign investor access to their domestic capital markets.

Looking at Emerging Markets fixed income securities, the US$20.1 trillion of outstanding bonds is dominated by local currency issuance comprising 89% of the total. When combined with the US$30.3 trillion of domestic credit outstanding, Emerging Markets account for only 27% of global finance. Yet Emerging Markets generate nearly 58% of global GDP, which therefore offers compelling evidence of a significantly better investment proposition than Developed Markets fixed income where 73% of global financing is supported by just 42% of global GDP.

Institutional investors in the developed world have limited exposure to Emerging Markets, with target weights for a typical pension fund being below 10% for fixed income and equities. In some cases, actual allocations are significantly below targets. It therefore remains the case that as emerging nations continue to grow more rapidly than developed countries, and their capital markets increase their representation in global markets and benchmark indices, the pressure on investors to address this underweight position will increase. This situation is amplified by the relative value arguments in favour of Emerging Markets, with attractive yields and equity valuations contrasting with the elevated price levels and negative real yields prevailing in many Developed Markets.

Phase 2: diversification through growth in intermediary AuM

The second phase of the Group's strategy looks to diversify its sources of AuM, and therefore revenues, through broadening access to its distribution channels and its client mix. This includes developing a meaningful retail business that sources high net worth capital through agents such as private banks, broker-dealers, wirehouses, wealth advisers and other intermediaries.

Over the past five years, the proportion of AuM from intermediated retail clients has ranged between 9% and 12%. Strong AuM growth from clients in Europe, the US and Asia ex Japan has all but replaced the anticipated run-off of the Japanese retail money raised in 2010 and 2011, and the proportion of Group AuM from these geographies has nearly trebled from 4% to 11%.

Ashmore has delivered growth in retail AuM, notwithstanding the challenging market conditions for much of the period when sentiment, and especially retail investor attitudes, was negative towards Emerging Markets. While retail capital-raising was difficult against this backdrop, the Group secured new distribution agreements and gained intermediaries' approval for products to put it in a stronger position when the cycle turned and investor sentiment improved.

Of particular note are the blended debt, short duration and frontier equity products, which are selling well through retail channels in Europe and the US. Asian private bank relationships have also delivered growth through fixed duration products.

Phase 3: local markets

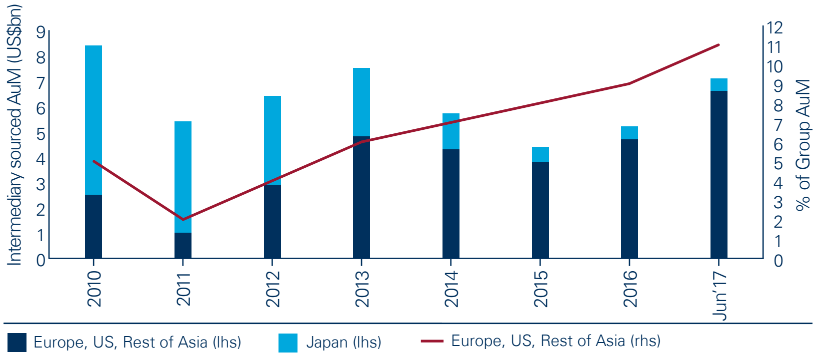
A key strategic initiative is to develop a network of local Emerging Markets asset management platforms to capture domestic flows. These businesses also provide access to global investors wishing to take specialised single-country or regional exposure through local managers affiliated with Ashmore's strong brand and control culture. While many of the businesses are at an early stage of development, the network spans seven countries, represents a meaningful proportion of Ashmore's employees including investment professionals, and contributes approximately 5% of Group AuM.

The local businesses are performing as expected, with good growth in AuM, revenues and profits. During the financial year, action was taken to resolve growth challenges in some of the weaker-performing

Consistent three-phase strategy to deliver value for clients and shareholders by capitalising on Emerging Markets growth trends

Strategy	Objectives	Ashmore today
1 Establish Emerging Markets asset class	– Establish Ashmore investment processes and Emerging Markets asset classes – Provide access to Emerging Markets and their rapid development opportunities – Increase developed world investor allocations	– Ashmore is recognised as a strong specialist Emerging Markets manager – Institutional investors are typically underweight Emerging Markets – Index representation is low
2 Diversify developed world capital sources and themes	– Establish differentiated investment themes and sub-themes – Diversify AuM by client location and client type, institutional and retail – Develop new product structures and capabilities	– Ongoing development of investment themes and client base – Intermediary retail business is growing rapidly – New products are performing well, e.g. short duration
3 Mobilise Emerging Markets capital	– Source capital from Emerging Markets institutions to invest in Emerging Markets – Build network of local asset management platforms to manage domestic capital	– 33% of AuM is sourced from clients domiciled in Emerging Markets – Rationalised local network to focus on higher growth opportunities – Capacity to consider new local markets

Strong growth in retail business in Europe, US and Asia ex Japan



franchises. This resulted in selling the Turkish business to a local, independent manager, and introducing a major distribution partner to the China joint venture. These actions have not only improved the aggregate financial performance of the local businesses, but have also enabled the Group to provide greater support to the businesses that are performing well and have created capacity to consider other markets.

Clients

Ashmore has a high-quality, diversified client base that is largely institutional but with a growing contribution from retail clients accessed through intermediaries such as private banks, broker-dealers and wirehouses. Client relationships are managed by a 40-strong distribution team that is located throughout Ashmore's worldwide office network. This enables direct, long-standing relationships to be developed, which assists in sustaining client engagement throughout the market cycle, and ensures that value opportunities can be directly discussed as market cycles turn. As expected, this type of 'early adopter' activity has been seen recently from certain of the Group's clients.

The average tenure of client relationship has increased over the past two years from five years to six years, which implies that a greater proportion of the client base has experienced a full Emerging Markets cycle and seen the value opportunities that can arise. It also means that the potential for cross-selling increases as clients become more familiar with the breadth and depth of the Emerging Markets asset classes, and with Ashmore's ability to identify attractive investment opportunities.

The Emerging Markets allocation opportunity described above is substantial and predominantly relates to developed world institutions. However, there is an additional source of AuM growth accessed through the third phase of the Group's strategy, which seeks to manage capital for investors domiciled in the emerging world. Success here is illustrated by the 33% of the Group's AuM that is sourced from such clients, through global client relationships and Ashmore's network of local asset management platforms.

Cost efficiency

The Group takes a disciplined approach to operating costs and during the year cost savings achieved in the global business units have enabled continued investment in the rapidly-growing local businesses, for example in Colombia, Indonesia and Saudi Arabia. Group headcount has fallen over the period, which largely reflects natural levels of turnover and where business processes have been made more efficient.

In November 2016, the Group consolidated its US operations into its operating hub in New York. This locates specialist equities investment professionals alongside distribution and support functions, and will deliver operational efficiencies through the combination of the offices.

Brexit

In March 2017, the UK formally started the process to leave the European Union (EU), triggering a two-year period to determine the exit terms for the UK (Brexit). However, there remains uncertainty regarding the terms on which the UK will leave and the implications for the UK financial services industry, notably for Ashmore regarding the passporting of services into and out of the EU. Ashmore will continue to monitor developments closely and will take appropriate action once there is greater clarity. For now, the direct operational implications of Brexit are deemed manageable.

Outlook

As described in the Market review, the performance of Emerging Markets assets over the past year has been strong. However, given the significant price moves and macroeconomic adjustments undertaken over the past cycle, there remains substantial value available across the Emerging Markets asset classes, in absolute terms but also relative to developed world assets. Ashmore's strategy to capitalise on Emerging Markets growth, its proven investment processes, and its efficient business model, mean it is in a strong position to continue to deliver superior investment performance for clients, to raise investor allocations to Emerging Markets, and to generate further value for shareholders.

People and culture

Ashmore's distinctive culture, underpinned by its remuneration philosophy that places an emphasis on pay-for-performance and long-dated equity incentivisation, has withstood another market cycle. The superior investment performance and improving financial performance delivered over the past year, together with strategic and operational developments, are testament to the hard work of all employees, for which I would like to say thank you on behalf of all shareholders.

Mark Coombs
Chief Executive Officer

6 September 2017

Measuring the Group's performance

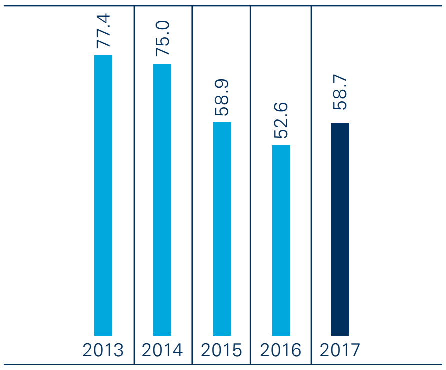
Measure	Assets under management	Investment performance
Definition	The movement between opening and closing AuM provides an indication of the overall success of the business during the period, in terms of subscriptions, redemptions and investment performance. The average AuM level during the period, along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

Long-term performance

Assets under management

US$58.7bn

2016: US$52.6bn

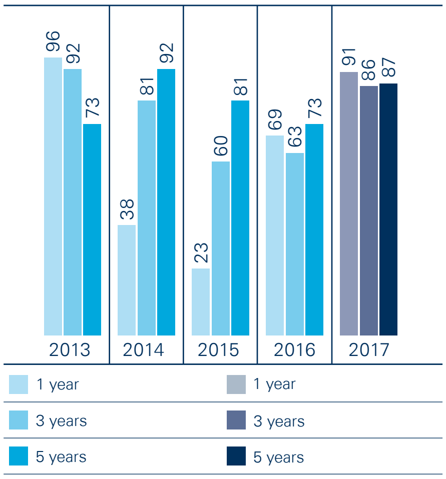


AuM increased by 12% through net inflows of US$1.9 billion and positive investment performance of US$4.2 billion. Average AuM increased by 5% to US$54.8 billion.

Investment performance (three years)

86%

2016: 63%



Ashmore continues to deliver strong investment performance for clients, over one, three and five years.

Adjusted EBITDA margin

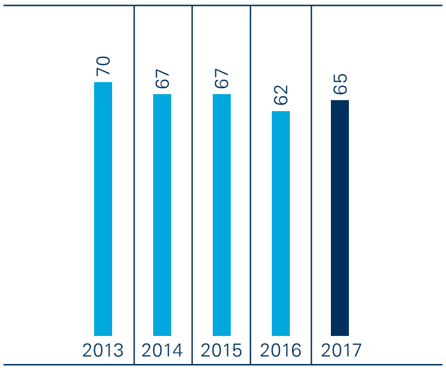
The adjusted EBITDA margin measures operating profit excluding depreciation and amortisation against net revenues. To provide a meaningful assessment of the Group's operating performance, the measure excludes foreign exchange translation and seed capital items.

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

Adjusted EBITDA margin

65%

2016: 62%



The increases in AuM and revenues versus the prior financial year, combined with ongoing strict control of operating costs, have delivered a higher adjusted EBITDA margin for the year.

Diluted EPS

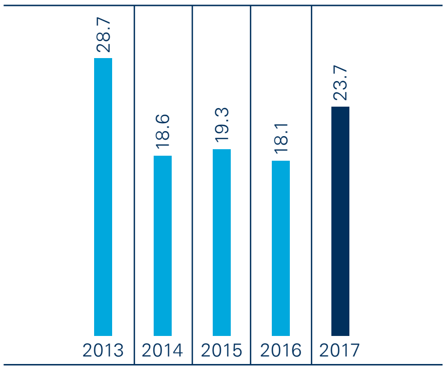
Profit attributable to equity holders of the parent divided by the weighted average of all dilutive potential ordinary shares.

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

23.7p

2016: 18.1p



Diluted EPS increased by 31% versus the prior year, as a result of good revenue growth, disciplined cost control together with higher gains on seed capital investments.

Balance sheet

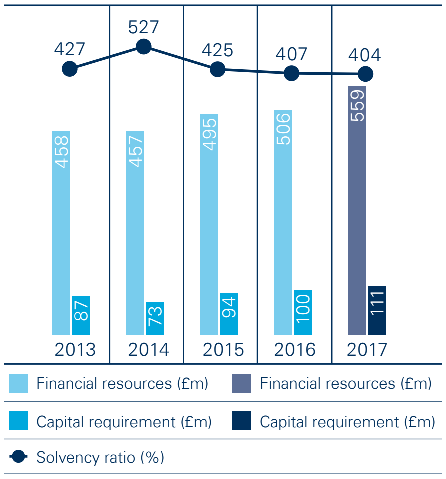
The Group maintains a strong balance sheet through the cycle. This is measured by the total value of capital resources available to the Group, defined as capital and reserves attributable to equity holders of the parent less goodwill and intangible assets less investments in associates, and comparing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

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

Solvency ratio

404%

2016: 407%



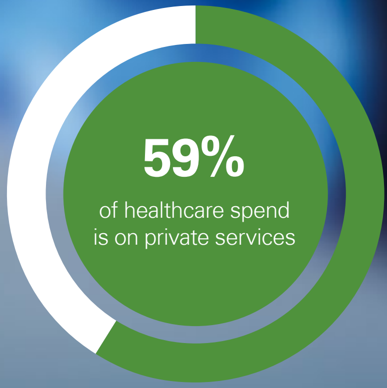
The Group's capital position remains strong, with total financial resources equivalent to approximately four times its regulatory capital requirement.

DELIVERING
in Emerging Markets

Recognising new opportunities

Georgia is a frontier market with huge growth potential. Its GDP per capita is US$10,000 and has been growing rapidly as economic and legislative reforms are implemented.

Ashmore invests in healthcare projects selectively across the broad Emerging Markets universe and in Georgia the sector is especially attractive. The relative spend on healthcare is high and there is a growing demand for private services supported by supply-side reforms linked to the universal provision of healthcare.



92%
of hospitals owned by private investors

7.4%
of GDP spent on healthcare

Source: Frost & Sullivan, Transparency International (Hospital sector in Georgia), The World Bank

Understanding the shift in Emerging Markets economic performance

The Emerging Markets investment universe is large and diverse, and offers substantial growth opportunities as countries' economic, social and political characteristics converge with those of the developed world over time. Notwithstanding the strong growth seen since the end of the 1990s, the emerging world is on average still nearly four decades behind the developed world in GDP per capita terms.

EM 2018 GDP growth forecast (IMF)

+4.8%

DM 2018 GDP growth forecast (IMF)

+2.0%

Positive trends across Emerging Markets

Year in review

The year to 30 June 2017 has been positive for Emerging Markets investors. Developed world central banks have become more hawkish, which has put pressure on the returns available from their fixed income markets that still have a significant amount, nearly US$9 trillion, of bonds with negative yields and a further substantial amount with historically low real yields. In contrast, Emerging Markets central banks have been cutting rates as inflation is falling in response to the macro adjustments undertaken in recent years. Emerging Markets bonds and currencies have therefore performed well in absolute terms, but also relative to developed world assets.

Equity markets have performed strongly, and the high absolute and relative returns achieved in Emerging Markets reflect accelerating GDP growth across a wide range of countries as their economic cycles turn more positive after a period of adjustment.

A weaker US dollar has contributed to good returns for local currency investors, and more stable commodity prices over the period, particularly oil, have improved investor sentiment towards Emerging Markets.

The geopolitical landscape remains complex. While the US and UK have seen a significant degree of political change over the 12 months, Europe now appears more settled following the French presidential election. Events on the Korean peninsula and in the Middle East continue to act as sources of volatility for many markets.

Resilience of Emerging Markets

The long-term growth opportunity across Emerging Markets is significant and is in contrast to the structural growth impediments facing many Developed Markets. Emerging Markets generate 58% of world GDP and this share is expected to rise steadily as the 87% of the world's population that resides in these countries becomes wealthier over time. Consequently, GDP per capita in Emerging Markets, which today is roughly where the developed world was in 1980, is expected to continue to increase at a fast pace.

In the shorter term, Emerging Markets countries have faced and successfully dealt with a series of financial and economic challenges. Between 2010 and 2015, the 'US taper tantrum', a stronger US dollar, the 50% fall in commodity prices and the start of the Fed rate hiking cycle all presented headwinds. Emerging Markets economies grew more slowly over this period as global asset allocators moved capital to investments supported by quantitative easing (QE) in Developed Markets.

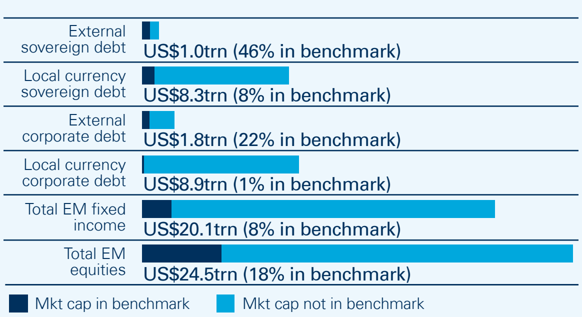
Yet, despite these headwinds, Emerging Markets economic and political fundamentals held up far better than most investors expected. Aggregate GDP growth remained at least twice that of the developed world, and the Emerging Markets growth premium began to increase again in early 2016 and looks set to continue to expand for several more years.

The resilience of Emerging Markets can be seen elsewhere. For example, sovereign defaults were limited in number and very few countries had to resort to IMF support over this period, barring a small number of the most vulnerable economies. In the Emerging Markets corporate high yield sector, default rates remain materially lower than for similarly-rated US companies.

This resilience can be attributed to Emerging Markets' stronger fundamentals, such as low debt levels, inflation targeting by central banks, the establishment of domestic pension funds, greater prevalence of floating exchange rates with high levels of foreign exchange reserves, high savings and investment rates, room to ease both fiscal and monetary policies, better demographics, and a greater proclivity to reform as soon as challenges arise.

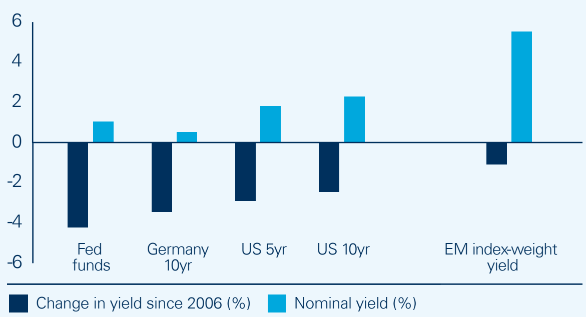
Therefore, the weakness in Emerging Markets asset prices in the recent past was primarily the result of investor behaviour and capital flows during the QE period rather than deterioration in the underlying fundamentals. This implies that substantial value has been created for Emerging Markets investors, a situation that began to be recognised over the past year.

Emerging Markets investment universes



Source: Ashmore, BIS, Bank of America Merrill Lynch, JP Morgan

Attractive yields available in Emerging Markets



Source: Ashmore, Bloomberg

Market recovery appears sustainable

Emerging Markets valuations remain attractive relative to comparable investments in Developed Markets, but they are also attractive in their own right. The principal drivers of Emerging Markets returns over the next few years are likely to be as follows.

- GDP growth has been accelerating since 2015 and should continue to recover given the large slowdown in growth between 2010 and 2015. The recovery so far has been led by improving external balances as exchange rates fell to 13-year lows, but economic conditions should continue to improve as capital flows return to Emerging Markets.
- Many Emerging Markets countries have pursued deep structural reforms in recent years, including Argentina, Brazil, Colombia, India, Indonesia, Mexico and Russia. Successful reforms remove the obstacles to growth and allow countries to grow faster before encountering inflationary constraints.
- Most foreign investors have underweight allocations to Emerging Markets, typically at less than 10% versus the 20% weight in the more representative global indices.
- Foreign investor capital flows back into Emerging Markets should ease financial conditions, which in turn will stimulate economic growth. Hence, the QE-related financial tightening of recent years should start to be reversed. This should support returns in local markets as well as leading to tighter spreads on external debt.

Active management can mitigate the risks

There are risks to this optimistic outlook, but the major systemic risks to Emerging Markets, such as a decline in commodity prices and US dollar strength, have already been endured and have been largely managed well by the majority of Emerging Markets countries.

There will always be a small number of country specific risks, however these can be addressed through active management. Similarly, buying opportunities for active investors can be presented by price volatility induced by events in Developed Markets that may have little or no bearing on Emerging Markets fundamentals.

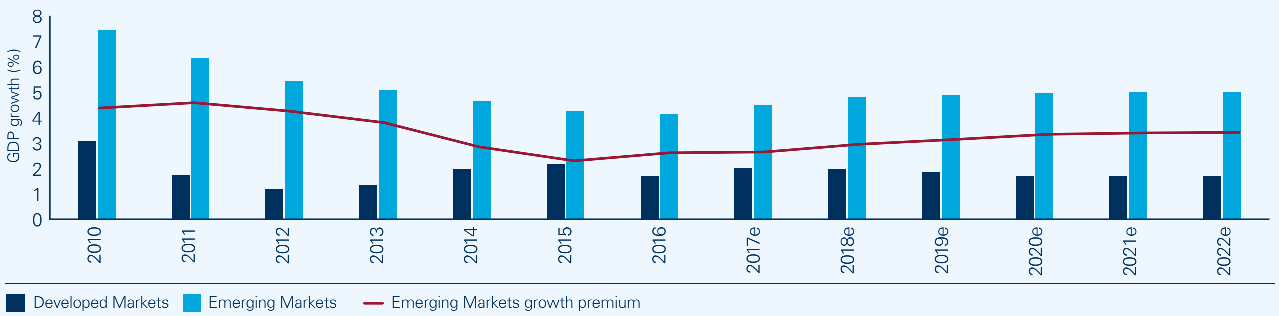
Higher US interest rates appear to be more than priced in by the relative yields available across Emerging Markets. Indeed, as rates continue to rise in the US, spreads on US dollar-denominated Emerging Markets debt have substantial room to compress so as to continue to deliver outperformance against US Treasuries.

One of the external risks, particularly to local currency markets, appeared to be the threat of a US border adjustment tax, which could have undermined the case for capital flowing back into faster-growing Emerging Markets economies in favour of supporting domestic US production. However, this threat has receded with the US administration recently abandoning this policy.

Significant value available across Emerging Markets

Although Emerging Markets assets have performed well recently, there remains substantial value available and the recovery should be supported over the medium term by inbound capital flows from underweight foreign institutional investors. These are likely to proceed at a measured pace because investors are mindful of the market volatility caused by the 2013 US taper tantrum and, ironically, there is a degree of risk aversion influenced by concerns about elevated asset price levels in Developed Markets. As evidenced by the high yields and attractive equity valuations in Emerging Markets, there is a very significant value opportunity available and specialist, active investment management can deliver outperformance across a broad range of Emerging Markets asset classes.

Emerging Markets GDP growth premium



Source: International Monetary Fund, World Economic Outlook Database, April 2017

Review by investment theme

External debt
The JP Morgan EMBI GD benchmark index delivered a +6.0% return over the 12 months, but with a wide dispersion of returns from the 65 constituent countries ranging from Venezuela with a +29.9% return to Philippines with a –1.5% return. High yield credits performed particularly well, returning +10.0% over the year versus +2.6% for investment grade bonds.

Over three years, Ashmore's external debt broad composite has generated gross annualised returns of +6.8%, outperforming the index (+5.4% annualised).

The outlook for external debt returns over the next few years is positive, with a spread of approximately 300bps over the US Treasury curve providing good value and with the potential for tighter spreads as flows to Emerging Markets pick up and reduce the need for governments to raise new debt. Also, with more than 100 Emerging Markets countries yet to issue index-eligible sovereign debt, the diversity of the external debt benchmark should continue to increase.

Local currency
The JP Morgan GBI-EM GD index performed in line with hard currency bonds, returning +6.4% over the year. The index yield of 6.5% is attractive in nominal and real terms, with index-weighted inflation of around 4%, and stronger Emerging Markets currencies against the US dollar contributing to returns.

Over three years, Ashmore's local currency bonds composite has returned -1.7% gross annualised, outperforming the index (-2.8% annualised).

While inflation is expected to rise slightly, real yields should remain positive and currencies have room to recover some of the 40% to 50% decline in value experienced against the US dollar between 2010 and 2015. The value proposition available in local currency bonds is therefore one of the strongest in global fixed income and, as capital flows back into local markets, financial conditions should ease, stimulating investment, consumption and growth across Emerging Markets. As with external debt, the index diversity is increasing steadily with the number of countries in the GBI-EM GD index rising from 15 to 17 over the past year.

Corporate debt
The CEMBI BD benchmark index delivered a +6.8% return over the 12 months and, echoing the performance of sovereign bonds, high yield outperformed investment grade (+11.6% versus +3.9%). The HY default rate fell from 4.2% to 2.2% over the period and remains well below the US HY default rate of 4.4%, reflecting the greater diversification of the Emerging Markets universe, less use of financial leverage, and the potential for sovereign support in certain cases.

Ashmore's corporate debt composite performed in line with the benchmark over three years with gross annualised returns of +4.9%. The relative performance should continue to improve as the periods of underperformance in late 2014 and early 2015 roll off.

The fundamental outlook for Emerging Markets corporates is expected to benefit from the cyclical upswing described for sovereign credit, as it will lead to rising profits and falling default risk. When compared with US corporates, there is a clear value argument in favour of Emerging Markets credit, as it has a lower default rate, wider spreads, particularly in the HY market, and typically less leverage than identically-rated US companies.

Blended debt
The standard blended debt benchmark index returned +5.9% over the year.

Active management of investment theme allocations – external debt, local currency and corporate debt – has delivered significant outperformance over three years, with Ashmore's blended debt composite returning +4.7% gross annualised versus +1.4% for the benchmark index. The typical blended debt portfolio is positioned for further market strength, with a current overweight allocation to local currency markets.

Given the wide range of asset class returns typically available, investors allocating to Emerging Markets may not have the confidence or experience to target a discrete asset class. Ashmore's blended debt and multi-asset products can provide broad-based exposure to Emerging Markets fixed income and all investment themes, respectively, with active management producing significant outperformance versus the constituent asset classes. Blended debt is therefore expected to enjoy good growth as industry allocations increase.

Equities
Equities outperformed fixed income over the year, reflecting expectations of accelerating GDP growth. The Group's specialist products provide a range of risk and return profiles, from single country exposure to frontier equities and global Emerging Markets small cap. Over three years, the investment performance track records of these funds are strong with, for example, frontier equities delivering gross annualised returns of +5.0% versus -3.4% for the MSCI benchmark index.

The uncorrelated returns available from specialist equity products are highly attractive, and with investment opportunities typically driven by domestic factors such as infrastructure development or deregulation, they can be insulated from the vagaries of global macro forces.

Alternatives
Capital raising in the period was focused on a number of new funds in the Group's local market franchises, such as Colombia and Saudi Arabia. There are several established growth trends in Emerging Markets that require long-term investment, such as infrastructure development, private healthcare provision, and renewable energy. The Group's experience of structuring funds and sourcing investors who can make multi-year capital commitments means it is in a good position to capitalise on these growth trends.

Multi-asset
As described above, multi-asset products provide broad access to retail and institutional investors that do not wish to take more specific Emerging Markets risks. Investment performance was positive over the period across the Group's multi-asset funds.

Overlay/liquidity
The investment theme increased its AuM over the year through net inflows from institutional clients, particularly in the second half.

Indonesia

Ashmore's local platform in Indonesia has delivered rapid growth since its establishment in 2012 and now manages over US$1 billion for domestic clients and global clients taking dedicated single-country risk. Investment performance is strong, operating profits are rising and the majority of the Group's initial US$75 million seed capital investment has been recycled.

Ashmore is the majority shareholder in the business, and a strong alignment of interests is achieved through the 33% of equity held by employees and founding partners.

US$1.1bn
AuM

Top 10
domestic equity manager

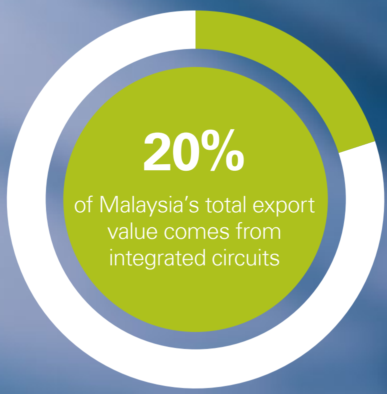
Strong investment performance
Annualised gross % performance since inception (Feb 2013)

DELIVERING
through diversification

A diverse offering

Although still a major exporter of natural products such as rubber and palm oil, Malaysia is increasingly becoming a centre for the manufacture of high-tech goods.

A clear example is in the manufacture of semiconductors, a sub-sector that dominates the exports of electrical and electronic products and represents 20% of Malaysia's total exports. The presence of major multinational corporations such as Intel and AMD has undoubtedly contributed to the steady growth of the semiconductor industry in Malaysia.



US$51.9bn
in integrated circuit exports

24%
of population employed in E&E industries

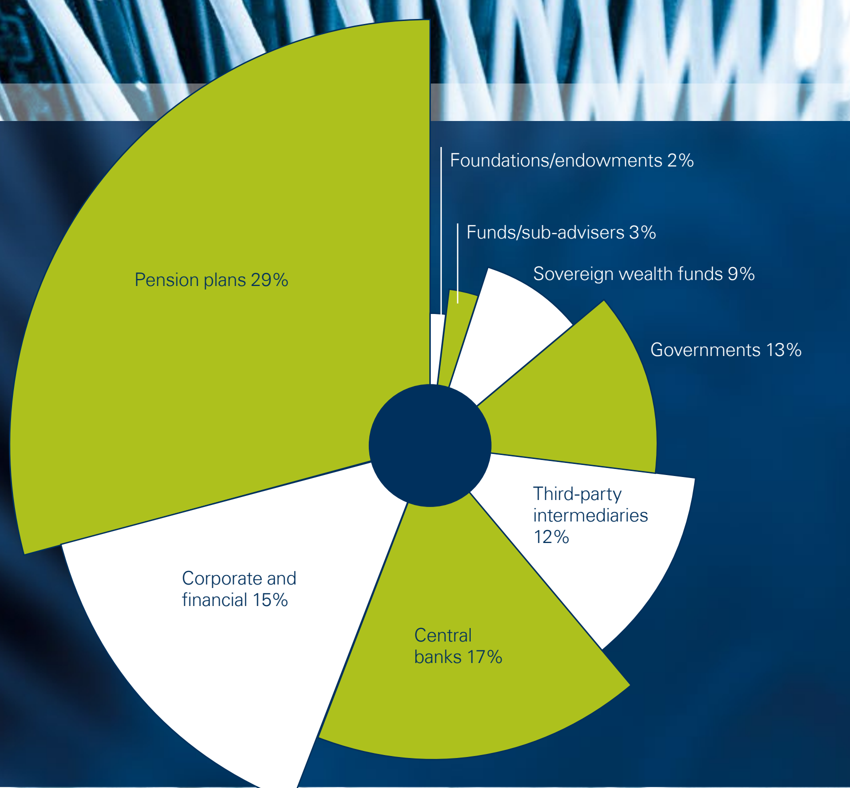
Source: Observatory of Economic Complexity

High-quality diversified client base

Ashmore has a diverse range of institutional clients where there is typically a direct relationship, resulting in a high average client tenure of six years. The rapidly growing third-party intermediary business provides further diversification by accessing retail clients in Europe, the US and Asia.

% of AuM from EM-domiciled clients
33%

Retail AuM
US$6.7bn



Delivering financial performance

Ashmore delivered a strong operating and financial performance for the year with a 12% increase in AuM, 11% revenue growth, cost growth limited to 7% (excluding consolidated funds) and strong returns on seed capital generating a 23% increase in profit before tax to £206.2 million. Diluted EPS increased by 31% to 23.7p.

Adjusted EBITDA for the year was £161.1 million, an increase of 23% compared with the prior year, and resulting in an increase in the adjusted EBITDA margin from 62% to 65%.

Assets under management

AuM increased by 12% over the year from US$52.6 billion to US$58.7 billion, through gross subscriptions of US$14.8 billion, approximately double the prior year level of US$7.6 billion, lower gross redemptions of US$12.9 billion (FY2015/16: US$15.1 billion) and positive investment performance of US$4.2 billion (FY2015/16: US$1.2 billion). Average assets under management increased by 5% to US$54.8 billion.

Gross subscriptions represent 28% of opening AuM (FY2015/16: 13%) and gross redemptions represent 25% (FY2015/16: 26%). Sales momentum improved throughout the year as Emerging Markets rallied and Ashmore's investment processes delivered outperformance. Client demand was fairly broadly spread across the fixed income and equities themes.

In the blended debt theme, which saw the highest level of subscriptions, there was notable demand from US pension funds and European retail clients. Corporate debt also generated good flows, particularly into short duration funds from European retail clients. Subscriptions into the other fixed income themes were from a broad mix of Asian and European pension funds, government-related clients and retail investors sourced through intermediaries. Equities saw momentum in the specialist products, particularly frontier markets, and local market platforms such as Indonesia including global institutional clients allocating to single country funds. There were also meaningful flows into the overlay theme.

Redemptions picked up for a short period after the US election result in November 2016, but reduced steadily through the second half of the year, notwithstanding some large institutional account withdrawals from blended debt, corporate debt and local currency mandates. The result was a much improved net flow performance in the second half of the year, with US$2.6 billion of net inflows versus a net outflow of US$0.7 billion in the first half. The larger institutional redemptions experienced in the period were from a variety of US and European pension funds in blended debt, corporate debt and equities, and government-related clients in the external debt and local currency themes.

The momentum in the third-party intermediary business continued to build during the period, with net inflows of US$1.2 billion after anticipated Japanese retail redemptions of US$0.2 billion. Short duration, specialist equity and blended debt products continue to benefit from good demand from retail clients in Europe, the US and Asia.

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, and to provide a more meaningful comparison with the prior year. For the purposes of presenting 'Adjusted' profits, operating expenses have been adjusted for the variable compensation on foreign exchange translation gains and losses.

Non-GAAP alternative performance measures (APMs) are defined and explained on page 29.

		Reclassification of			
£m	**FY2016/17 Reported**	Seed capital-related items	Foreign exchange translation	**FY2016/17 Adjusted**	FY2015/16 Adjusted
Management fees net of distribution costs	**221.6**	–	–	**221.6**	195.9
Performance fees	**28.3**	–	–	**28.3**	10.4
Other revenue	**2.7**	–	–	**2.7**	4.1
Foreign exchange	**5.0**	–	(7.8)	**(2.8)**	1.1
Net revenue	**257.6**	–	(7.8)	**249.8**	211.5
Investment securities	**22.4**	(22.4)	–	**–**	–
Third-party interests	**(12.5)**	12.5	–	**–**	–
Personnel expenses	**(67.8)**	-	1.6	**(66.2)**	(55.5)
Other expenses excluding depreciation & amortisation	**(27.4)**	4.9	-	**(22.5)**	(25.1)
EBITDA	**172.3**	(5.0)	(6.2)	**161.1**	130.9
EBITDA margin	***67%***	–	–	***65%***	*62%*
Depreciation & amortisation	**(5.5)**	–	–	**(5.5)**	(5.1)
Operating profit	**166.8**	(5.0)	(6.2)	**155.6**	125.8
Net finance income/expense	**38.6**	(22.6)	(13.4)	**2.6**	2.0
Associates & joint ventures	**0.8**	–	–	**0.8**	(1.7)
Seed capital-related items	**–**	27.6	–	**27.6**	5.1
Profit before tax excluding FX translation	**206.2**	–	(19.6)	**186.6**	131.2
Foreign exchange translation	**–**	–	19.6	**19.6**	36.3
Profit before tax	**206.2**	–	–	**206.2**	167.5

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 2016 US$bn	Performance US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	Reclassifications US$bn	**AuM 30 June 2017 US$bn**
External debt	11.7	1.0	2.2	(2.5)	(0.3)	0.9	**13.3**
Local currency	13.3	1.0	2.1	(2.7)	(0.6)	–	**13.7**
Corporate debt	5.0	0.7	2.6	(2.0)	0.6	–	**6.3**
Blended debt	13.7	1.1	4.0	(3.3)	0.7	(0.9)	**14.6**
Equities	3.1	0.4	1.1	(1.2)	(0.1)	–	**3.4**
Alternatives	1.5	(0.1)	0.1	–	0.1	–	**1.5**
Multi-asset	1.2	0.1	0.1	(0.3)	(0.2)	–	**1.1**
Overlay/liquidity	3.1	–	2.6	(0.9)	1.7	–	**4.8**
Total	**52.6**	**4.2**	**14.8**	**(12.9)**	**1.9**	**–**	**58.7**

Investor profile

The Group's client base remains predominantly institutional in nature, with 88% (30 June 2016: 90%) of AuM from such clients. Ashmore has established direct, long-term relationships with its institutional clients, the most significant categories of which are government-related entities (such as central banks, sovereign wealth funds and pension schemes) and private and public pension plans, together accounting for 68% of AuM (30 June 2016: 70%). AuM sourced through intermediaries, which provide the Group with access to retail markets, increased to 12% of the Group's total AuM (30 June 2016: 10%).

Segregated accounts represent 67% of AuM (30 June 2016: 69%), and the Group continues to expect institutional demand for such fund structures to increase to satisfy regulatory obligations, to enable the application of specific investment guidelines, and to provide for bespoke reporting.

AuM as invested

The charts on page 26 show AuM 'as invested' by underlying asset class, which adjusts from 'by mandate' to take account of the allocation into the underlying asset class of the multi-asset and blended debt themes; and of crossover investment from within certain external debt funds.

The Group's AuM by investment destination is diversified geographically and broadly consistent with the prior year, with 37% in Latin America, 23% in Asia Pacific, 12% in the Middle East and Africa, and 28% in Eastern Europe.

Financial review

Revenues

Net revenue increased 11% from £232.5 million to £257.6 million, with higher net management fees driven by growth in AuM and a beneficial average GBP:USD rate compared with the prior year. Stronger markets enabled a higher level of performance fees to be generated, which offset lower foreign exchange translation revenues.

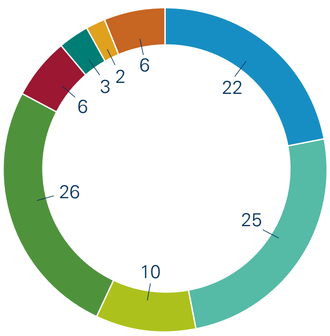
Management fee income net of distribution costs rose by 13% to £221.6 million (FY2015/16: £195.9 million). Good AuM growth and the benefit of a stronger US dollar against Sterling more than offset the reduction in the aggregate net management fee margin from 55bps to 52bps.

The majority of the movement is accounted for by changes in investment theme mix and mandate size effects. The former reflects growth in lower margin themes such as overlay/liquidity and lower average AuM in higher margin themes such as equities and multi-asset. The latter is attributable to individually small redemptions late in the prior year and early in the current financial year, particularly in the external debt, local currency, equities and multi-asset themes, and large institutional subscriptions in the local currency and equity themes. The alternatives margin reflects institutional rebates granted on two funds in realisation phase and the underlying run-rate theme margin is around 130bps.

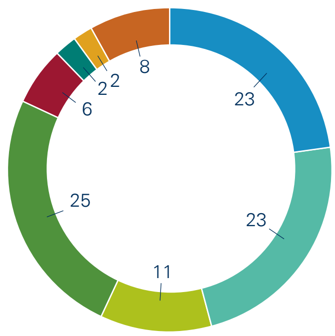
Performance fees of £28.3 million (FY2015/16: £10.4 million) were generated during the year, reflecting good market conditions. At 30 June 2017, 12% of the Group's AuM was eligible to earn performance fees (30 June 2016: 14%), of which a significant proportion is subject to rebate agreements.

Translation of the Group's non-Sterling assets and liabilities at the period end resulted in a foreign exchange gain of £7.8 million (FY2015/16: £21.0 million), reflecting US dollar strength against Sterling. The Group recognised net realised and unrealised hedging losses of £2.8 million (FY2015/16: £1.1 million gain) to give total foreign exchange revenues of £5.0 million (FY2015/16: £22.1 million).

AuM classified by mandate 2016 (%)

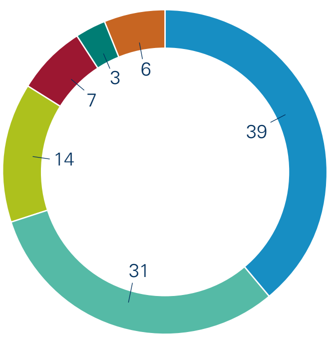


AuM classified by mandate 2017 (%)

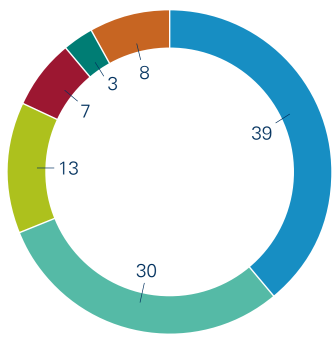


- External debt
- Local currency
- Corporate debt
- Blended debt
- Equities
- Alternatives
- Multi-asset
- Overlay/liquidity

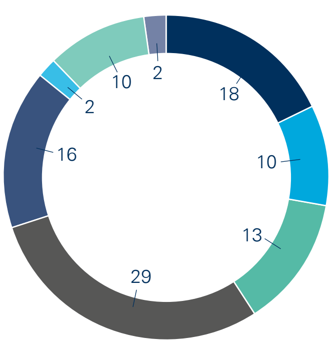
AuM as invested 2016 (%)



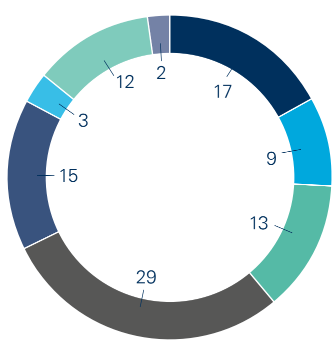
AuM as invested 2017 (%)



AuM by investor type 2016 (%)

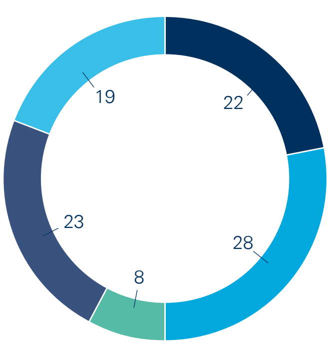


AuM by investor type 2017 (%)

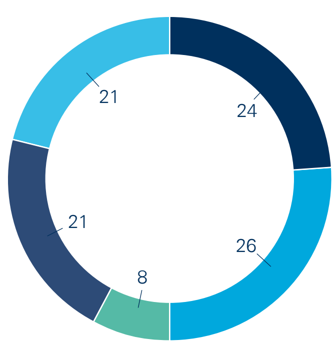


- Central banks
- Sovereign wealth funds
- Governments
- Pension plans
- Corporates/financial institutions
- Funds/sub-advisers
- Third-party intermediaries
- Foundations/endowments

AuM by investor geography 2016 (%)



AuM by investor geography 2017 (%)



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

Fee income and net management fee margin by investment theme

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

Theme	**Net management fees FY2016/17 £m**	Net management fees FY2015/16 £m	**Performance fees FY2016/17 £m**	Performance fees FY2015/16 £m	**Net management fee margin FY2016/17 bps**	Net management fee margin FY2015/16 bps
External debt	**48.9**	37.0	**9.4**	1.5	**50**	49
Local currency	**42.8**	40.5	**11.9**	0.1	**41**	45
Corporate debt	**25.9**	21.9	**1.8**	0.2	**62**	61
Blended debt	**57.8**	52.3	**2.6**	0.1	**53**	54
Equities	**21.5**	22.3	**0.9**	–	**90**	104
Alternatives	**12.8**	10.9	**1.0**	8.5	**124**	141
Multi-asset	**7.4**	7.8	**0.7**	–	**80**	94
Overlay/liquidity	**4.5**	3.2	**–**	–	**15**	16
Total	**221.6**	195.9	**28.3**	10.4	**52**	55

Operating costs

Total operating costs of £100.7 million (FY2015/16: £92.3 million) include £4.9 million of consolidated fund expenses (FY2015/16: £2.4 million). Excluding these costs, and notwithstanding the 21% increase in the variable compensation charge, total operating expenses rose by only 7% compared with the prior year, demonstrating the Group's unrelenting focus on cost control.

Excluding variable compensation, consolidated fund expenses and adverse currency effects of £4.4 million, operating costs were reduced by 11%.

Average headcount fell 8% from 277 to 256 employees, reflecting the sale of the Turkish business and the effect of consolidating the US offices, together with some natural staff turnover in the global business, partially offset by expansion in the rapidly growing local businesses in Colombia, Indonesia and Saudi Arabia. The Group's headcount at 30 June 2017 was 252 employees (30 June 2016: 266 employees). Fixed staff costs of £24.8 million were 3% higher (FY2015/16: £24.1 million) than in the prior year, but excluding the effect of lower average exchange rates, fixed staff costs reduced by 4% versus the prior year.

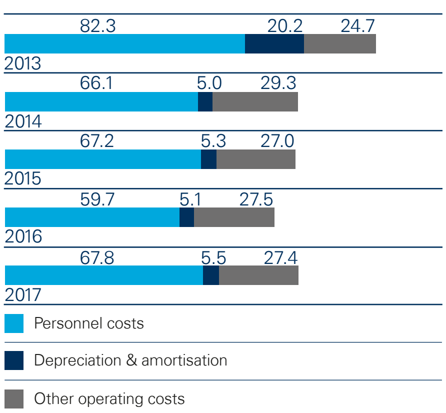
Other operating costs, excluding depreciation and amortisation, were £27.4 million (FY2015/16: £27.5 million) and excluding consolidated fund expenses fell by 10% to £22.5 million (FY2015/16: £25.1 million). This reduction was due to an ongoing focus on controlling discretionary expenditure, such as travel, and other operating costs such as insurance. Additionally, where the Group acts as an agent in respect of certain services contracted for by its funds, for example third-party services, the recharge for these services was historically recognised in other income. This year, in order to reflect the pass-through nature of these costs, the recharge of £1.5 million (FY2015/16: £1.2 million) has been offset within other operating costs. There is no impact on operating profit.

The charge for variable compensation was £43.0 million, an increase of 21% compared with the prior year (FY2015/16: £35.6 million). This represents 21% of EBVCIT (FY2015/16: 20%), reflecting the improved business and operating performance including particularly strong seed capital gains. Total personnel expenses for the period were therefore £67.8 million (FY2015/16: £59.7 million).

Operating costs

£100.7m

2016: £92.3m



EBITDA

EBITDA for the period of £172.3 million was 20% higher than in the prior financial year (FY2015/16: £143.0 million). On an adjusted basis, reclassifying the effects of seed capital investments and foreign exchange translation, EBITDA was 23% higher at £161.1 million (FY2015/16: £130.9 million). The adjusted EBITDA margin was 65% (FY2015/16: 62%), benefiting from higher revenues and the ongoing strict control of operating costs described above.

Finance income

Net finance income of £38.6 million for the period (FY2015/16: £31.3 million) includes items relating to seed capital investments, which are described in more detail below. Excluding these items, net interest income for the period was similar to last year at £2.6 million (FY2015/16: £2.0 million).

Taxation

The majority of the Group's profit is subject to UK taxation; of the total current tax charge for the year of £40.7 million (FY2015/16: £37.0 million), £31.3 million (FY2015/16: £31.5 million) relates to UK corporation tax.

There is an £18.2 million net deferred tax asset on the Group's balance sheet as at 30 June 2017 (30 June 2016: £14.3 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 17.8% (FY2015/16: 23.2%), which is lower than the blended UK corporation tax rate of 19.75% (FY2015/16: 20.0%). This reflects the blend of the varying rates that apply across 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 corporate tax rate.

Balance sheet, cash flow and foreign exchange

It is the Group's policy to maintain a strong balance sheet in order to support regulatory capital requirements, to meet the commercial demands of current and prospective clients, and to fulfil development needs across the business. These include funding establishment costs of distribution offices and local asset management ventures, seeding new funds, trading or investing in funds or other assets, and other strategic initiatives.

As at 30 June 2017, total equity attributable to shareholders of the parent was £724.4 million (30 June 2016: £676.7 million). There is no debt on the Group's balance sheet.

Cash

Ashmore's business model delivers a high conversion rate of operating profits to cash. The Group generated cash of £177.0 million before working capital changes (FY2015/16: £151.2 million) and £171.3 million of cash from operations (FY2015/16: £125.2 million) from operating profit of £166.8 million for the period (FY2015/16: £137.9 million).

Cash and cash equivalents by currency

	30 June 2017 £m	30 June 2016 £m
Sterling	**149.7**	212.6
US dollar	**253.8**	123.2
Other	**29.0**	28.2
Total	**432.5**	364.0

The 19% increase in the Group's cash balance over the period reflects operational cash generation and the successful recycling of historical seed capital investments, as described below, offset by the payment of ordinary dividends.

Seed capital investments

The Group's seeding programme has successfully enabled growth in third-party AuM with approximately 13% of Group AuM in funds that have been seeded.

Seed capital is actively managed and during the period the Group made new investments of £57.0 million, realised £117.4 million from previous investments and therefore, after including positive market movements of £32.1 million, the market value of the Group's seed capital reduced from £238.5 million to £210.2 million over the period. The Group has also committed £29.4 million that was undrawn at the year end. The original cost of the Group's current seed capital investments is £170.7 million (30 June 2016: £207.4 million), representing 33% of Group net tangible equity (30 June 2016: 35%). The majority of the seed capital is held in liquid funds, such as daily-dealing SICAVs and US 40-Act mutual funds.

New investments were made across a broad range of funds, but with significant investments in alternatives funds in Colombia, the frontier equities SICAV, and an absolute return fund in the external debt theme. The most significant realisations were from the mutual funds in the local Indonesian business, which now manages more than US$1.0 billion and has returned substantially all of the Group's seed capital, the US frontier equities fund, and the US short duration fund.

Seed capital market value by currency

	30 June 2017 £m	30 June 2016 £m
US dollar	**188.3**	189.2
Indonesian rupiah	**5.0**	33.9
Colombian peso	**9.6**	7.6
Other	**7.3**	7.8
Total	**210.2**	238.5

The seed capital programme generated a pre-tax profit of £41.0 million for the year (FY2015/16: £24.6 million), comprising foreign exchange translation gains of £13.4 million and market and other movements of £27.6 million. Over half (£20.8 million) of the pre-tax profit contribution was realised on the recycling of previous investments, with the balance representing unrealised profits at the year end. The table below draws together the relevant line items to assist in the understanding of the financial impact of the Group's seed capital programme.

Goodwill and intangible assets

At 30 June 2017, goodwill and intangible assets on the Group's balance sheet totalled £79.9 million (30 June 2016: £82.5 million) with the decrease attributable to an amortisation charge of £4.5 million (FY2015/16: £3.9 million) and a foreign exchange revaluation gain through reserves of £1.9 million (FY2015/16: £12.3 million).

Own shares held

The Group purchases and holds shares through an Employee Benefit Trust (EBT) in anticipation of the vesting of share awards. At 30 June 2017, the EBT owned 38,701,321 (30 June 2016: 41,173,968) ordinary shares.

Foreign exchange

The majority of the Group's fee income is received in US dollars and it is the Group's established policy to hedge up to two-thirds of the notional value of budgeted foreign currency-denominated net management

Financial impact of seed capital investments

	FY2016/17 £m	FY2015/16 £m
Consolidated funds (note 20):		
Gains/(losses) on investment securities	**22.4**	(5.7)
Change in third-party interests in consolidated funds	**(12.5)**	3.4
Operating costs	**(4.9)**	(2.4)
Finance income	**7.8**	4.7
Sub-total: consolidated funds	**12.8**	0.0
Unconsolidated funds (note 8):		
Market return	**14.8**	5.1
Foreign exchange	**13.4**	19.5
Sub-total: unconsolidated funds	**28.2**	24.6
Total seed capital profit/(loss)	**41.0**	24.6
– realised	**20.8**	1.2
– unrealised	**20.2**	23.4

fees, using either forward or option foreign exchange contracts. The Group's Foreign Exchange Management Committee determines the proportion of budgeted fee income to hedge by regular reference to expected non-US dollar, and principally Sterling, cash requirements. The proportion of fee income received in foreign currency and not subject to hedging is held as cash or cash equivalents in the foreign currency and marked to market at the period end exchange rate.

Translation of the Group's non-Sterling denominated balance sheet resulted in a foreign exchange translation gain of £7.8 million, principally as a result of the strength of the US dollar against Sterling. The sensitivity of the Group to exchange rate movements, including GBP:USD, is shown in note 21. The Group sold US$95 million of its US dollar cash holdings as the exchange rate moved in its favour during the year. Net realised and unrealised hedging losses of £2.8 million were recognised for the period.

Regulatory capital

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

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

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

The Board has therefore assessed the amount of Pillar II capital required to be £111.1 million (30 June 2016: £99.9 million). The net increase of £11.2 million compared with the prior year is largely attributable to a higher market risk requirement reflecting more volatile market conditions, together with a slightly higher operational risk requirement and an increase in the capital requirements for undrawn illiquid seed capital commitments. The Group has total capital resources of £559.4 million, giving a solvency ratio of 404% and excess regulatory capital of £448.3 million. Therefore, the Board is satisfied that the Group is adequately capitalised.

Dividend

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

In recognition of Ashmore's operating and financial performance during the period, its balance sheet strength, and the Board's confidence in the Group's future prospects, the Directors are recommending a final dividend of 12.10 pence per share for the year ending 30 June 2017, which, subject to shareholder approval, will be paid on 1 December 2017 to shareholders who are on the register on 3 November 2017.

Tom Shippey
Group Finance Director

6 September 2017

Alternative performance measures

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

Net revenue

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

Variable compensation ratio

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

EBITDA

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

Adjusted EBITDA

Defined as EBITDA excluding 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.

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.

DELIVERING shareholder value

Seizing expanding value

India's domestic pharmaceutical market is forecast to grow at a CAGR of 15% to 20% over the next few years. This positive outlook is supported by reforms and political sponsorship, such as the government's Pharma Vision 2020 plan that seeks to position India as a leader in pharmaceutical manufacturing.

At the same time, product development skills and scientific talent are challenging the perception of India as simply a cheap manufacturing base, as companies move up the value chain to deliver innovation and growth.

80%
of antiretroviral drugs combating AIDS are developed in India

20%
of global generic drugs exported from India

Source: IBEF

Long track record of delivering for shareholders

Ashmore's unrelenting strategic focus on Emerging Markets investing over the past 25 years, combined with a robust and flexible business model, has delivered value for shareholders across multiple market cycles.

The Group's profitability and cash conversion have been sustained at high levels and support a strong, liquid balance sheet and a progressive dividend policy.

Adjusted EBITDA margin

65%

2016: 62%

DPS

16.65p

2016: 16.65p

Identifying and managing risks

The Group seeks to identify, quantify, monitor and manage effectively each of the risks present in its activities.

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

More information
Read about Ashmore's strategy on page **12**

The Group executes its strategy using a distinctive business model, and seeks to identify, quantify, monitor and manage 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 **47-49**

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 **35-37**

Risk management structure

Ashmore Group plc Board

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:

Group Head of Risk Management and Control

Members:

Chief Executive Officer
Group Finance Director
Group Head of Compliance
Group Head of Legal and Transaction Management
Group Head of Middle Office and Technology
Group Head of Human Resources
Group Head of Finance
Group Head of Distribution
Group Head of Internal Audit

Risk management and internal control systems

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

Within the Group's overarching corporate governance framework, through which the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues, an internal control framework has been established, against which the Group is able to assess the effectiveness of its risk management and internal control systems. The Group's system of internal control is integrated into the Group's strategy and business model and embedded within its routine business processes and operations, and a strong control culture is combined with clear management responsibility and accountability for individual controls. The internal control framework provides an ongoing process for identifying, evaluating and managing the Group's principal risks, and has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. The process is regularly reviewed by the Group's Audit and Risk Committee (ARC) and accords with the guidance in the document 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' (the Guidance) published by the Financial Reporting Council in September 2014.

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

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

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

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

Three lines of defence

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

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

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

Policies

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

Processes

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

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

Longer-term viability statement

In accordance with the provisions of C.2.2 of the UK Corporate Governance Code, the Directors have assessed the current position and prospects of the Group over a three-year period to June 2020, 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 36 to 37. 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 cashflow and the strong and liquid balance sheet is sufficient to withstand the financial impact of the range of adverse planning scenarios modelled as part of the ICAAP.

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

Verification

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

Confirmation

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

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

These are:

- Taiping Fund Management Company (formerly Ashmore – CCSC Fund Management Company Limited);
- 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

The Group's principal risks that are most relevant to the implementation of its strategy and business model are described in the table below, 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 – Market capacity issues and increased competition constrain growth – Inadequate communication with, and management of, existing and potential shareholders of Ashmore Group plc	– Group strategy is approved by a Board with relevant industry experience – Experienced Emerging Markets investment professionals participate in Investment Committees – Strong balance sheet with no borrowing – Diversification of investment themes and capabilities, and periodic capacity reviews – Dedicated investor relations position that reports to the Group Finance Director and Board – Group Media policies and list of approved spokespeople
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 – Inadequate client oversight including alignment of interests	– Frequent and regular Product Committee meetings review product suitability and appropriateness – Experienced distribution team with appropriate geographic coverage – Investor education to ensure understanding of Ashmore investment themes and products – Monitoring of client-related issues including a formal complaints handling process – Compliance and legal oversight to ensure clear and fair terms of business and disclosures, and appropriate client communications and financial promotions
Treasury risks (Responsibility: Chief Executive Officer and Group Finance Director)	
– Inaccurate financial projections and hedging of future cash flows and balance sheet, as well as inadequate liquidity and regulatory capital provision for Group and its subsidiaries	– Defined risk appetite and ICAAP demonstrates excess financial resources – Group Liquidity and FX hedging policies – Seed capital is subject to strict monitoring by the Board within a framework of set limits including diversification
Investment risks (Responsibility: Group Investment Committees)	
– Downturn in long-term performance – Manager non-performance including i) ineffective leverage, cash and liquidity management and similar portfolios being managed inconsistently; ii) neglect of duty, market abuse; iii) inappropriate oversight of special purpose vehicles and related legal structures and compliance with law and regulations; iv) inappropriate oversight of market, liquidity, credit, counterparty and operational risks; v) insufficient number of trading counterparties; and vi) breaching investment guidelines or restrictions	– Consistent investment philosophy over 25 years with dedicated Emerging Markets focus including country visits and network of local offices – Funds in the same investment theme are managed by consistent investment management teams, and allocations approved by Investment Committees – Frequent and regular reviews of market and liquidity risk – Policies in place to cover conflicts, best execution and market abuse – Tools to manage liquidity issues as a result of redemptions including restrictions on illiquid exposures, swing pricing and ability to use in specie redemptions – Investment decisions are subject to pre-trade compliance – Legal team and use of external counsel to ensure appropriate documents are in place – Group Trading counterparty policy

Description of principal risks	Examples of associated controls and mitigants

Operational risks (Responsibility: Group Risk and Compliance Committee)

- Security of information including cyber security
- Threat to business continuity affecting people, buildings and systems
- Inaccurate or invalid data including manual processes / reporting, and transactions, static data and prices
- Failure to book, process and settle trades appropriately
- Failure of IT infrastructure, including inability to support business growth
- Trading with unauthorised counterparties
- Legal action, fraud or breach of contract perpetrated against the Group, funds or investments
- Insufficient resources, which includes loss of key staff or inability to attract staff, constrains growth
- Lack of understanding and compliance with global and local regulatory requirements, as well as conflicts of interest and treating customers fairly; and financial crime, which includes money laundering, bribery and corruption leading to high level publicity or regulatory sanction
- Inappropriate accounting and/or tax practices lead to sanction
- Inadequate oversight of Ashmore overseas offices
- Ineffective or mismanaged third-party services
- Inadequate management, oversight or documentation of new and existing funds
- Inappropriate governance and oversight of people, departments and committees

Examples of associated controls and mitigants:

- Information security and data protection policies
- BCP working group
- Pricing Oversight Committee
- Annual ISAE3402 process and report
- Front office systems require trade booking and authorisation
- Appropriate IT policies and procedures in place
- Approved counterparty list
- Independent Internal Audit department
- Financial crime policy, which also covers service providers
- Committee-based investment management reduces key man risk
- Appropriate remuneration policy with emphasis on performance-related pay and long-dated deferral of equity awards
- Insurance policies in place to ensure appropriate litigation cover
- Compliance policies covering global and local offices. Adherence to regulatory requirements is closely managed through compliance monitoring programmes
- Conflicts of interest policy
- Anti-bribery and corruption procedures issued and adopted for investee companies where Ashmore has a controlling stake
- Group accounting policies reviewed by Group Finance Director, Head of Finance and external auditor; signed off by external auditor and ARC
- Group tax policy and dedicated in-house tax specialist; external tax advice sought where appropriate
- Group Finance Director has oversight responsibility for overseas offices
- Due diligence on all new third parties, and regular meetings / reviews of third-party service providers
- Frequent and regular Product Committee meetings
- Department policies and procedures reviewed at least annually

Combining ethical investing with sound business practice

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

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

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

Investment approach

Ashmore's Investment Committees' processes ensure a consistent approach to all investments within its clients' portfolios. Ashmore's experience in managing investments within the Emerging Markets has enabled it to experience first-hand the advantages of qualitatively evaluating environmental, social and governance factors and incorporating them within its portfolios.

Ashmore believes that there are many potential asset classes in emerging countries as well as many different risk return profiles which it will be able to offer its clients in the future. As capital markets grow rapidly in Emerging Markets Ashmore aims to participate in that growth, enabling access to these markets by both developed world pools of capital and also, increasingly, by Emerging Markets pools of capital.

Business conduct and integrity

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

Responsible investing across Ashmore's themes

Socially Responsible Investment (SRI) is a form of investing that screens out investments in certain stocks or industries in line with defined ethical guidelines.

Ashmore aims to ensure that the governance bodies of the investments it makes comply with their own industry standards and best practice, treat their employees fairly, have active community programmes and operate with sensitivity to the environment. Ashmore has made investments in a number of renewable energy projects in different countries including hydro-electricity, geothermal energy and sugar-based ethanol production. Investments have also been made in a Chinese company which manufactures wind turbines with both local and growing global supplies. These investments on behalf of clients reflect Ashmore's overall approach to combining ethical investing with sound business practice.

Amongst the initiatives undertaken in South America is the establishment of an Environmental and Social Management System (ESMS) for the management of investments of an investor fund in Colombia within the alternatives investment theme. This fund has been developed in a form and substance acceptable to the Inter-American Development Bank (IDB) and International Finance Corporation (IFC). In 2014 Ashmore Colombia won the Colombian Association for Private Equity award for best corporate governance, as voted for by investors.

Ashmore's funds and segregated accounts each have a specific investment mandate which sets out the parameters for investment. Within the Equities and Corporate Debt themes, Ashmore is able to screen client portfolios to meet client requirements for geographic, sector and stock specific restrictions. Stock specific restrictions may include securities which meet clients' own criteria.

Examples of investment areas where screening of portfolios can be offered based on (or informed by) client requirements (using recognised investment industry identifiers and coding into Ashmore's portfolio management system) include alcohol, animal/food products, armaments manufacturers or dealers, gambling, pornography and tobacco.

Ashmore seeks to comply at all times with all sanctions imposed by applicable government authorities, and also screens at a geographical level across all investment themes for countries which are on the United Nations and EU/UK Sanctions and the US Office of Foreign Assets and Control (OFAC) lists, for example during the Russia/Ukraine crisis.

Environmental, Social and Governance (ESG) approach

The evaluation of ESG risk is an integral part of Ashmore's investment processes.

Ashmore integrates ESG factors into fundamental analysis across its liquid investment themes and scores them to the extent they are deemed material to investment returns.

Listed equities

ESG criteria tend to be focused primarily on equity investing because of the influence which shareholder interests are able to exert on the management of a particular company. Ashmore believes that the way in which companies manage ESG factors can have an impact on business performance and valuation, and should be incorporated into investment decisions.

Ashmore's top down allocation model evaluates country metrics relative to history and one year forward. Hence, the risk premium imputed by the market to a given country is captured. Risk premiums incorporate sovereign corporate governance concerns, as for example in Russia where stock valuations are historically amongst the lowest globally due to relatively higher risk premiums. Any changes in risk premiums relative to history are analysed to determine if justified. To make this more explicit Ashmore reviews ESG rankings of countries within its mandate using third party data sources. The scoring and ranking is based on ESG principles as rated by World Bank, US Energy Information Administration, Heritage Foundation and Economist Intelligence Unit. Ashmore also evaluates country exposures weekly at its Investment Committee meetings, and considers country risks in the review channels.

The stakeholders in a company encompass employees, local communities, wider society, governments, supply chains, customers and the natural environment. There are a wide range of ESG issues which could be relevant for a company depending on the industry in which it operates and its specific business profile. ESG issues can become new sources of risk or opportunities for companies, and a company's ability to respond to these issues can therefore act as an early signal of long-term competitiveness. To the extent practicable, Ashmore routinely monitors the ESG performance of the companies in which it invests through on-going company visits and other information channels. In addition, companies often disclose corporate governance practices through corporate policies, stock market listings, and market press releases (for example, Brazil has a separate category for companies committed to corporate governance best practice). Companies may also disclose environmental and social practices in annual reports and other reports to investors. These are then highlighted, as appropriate, in Investment Committee reports.

ESG metrics are used to measure, analyse, and rank securities. Assessments at the stock level tend to be qualitative and based on company public disclosures, interviews and/or company visits which are made to each company held in portfolios. In addition, Ashmore gathers information from market related channels, such as suppliers and clients. These assessments are then factored into the valuation and profitability metrics, which are evaluated relative to history, country and industry comparators.

As a global investor, Ashmore recognises that legislation and best practice standards vary between countries and regions, and that it must remain sensitive to these differences. However, at a minimum, Ashmore expects the companies in which it invests to comply with the national legislation that applies to them.

Fixed income

Ashmore's fixed income themes consist of investments in Corporate and Sovereign Debt issuances. ESG within fixed income is fundamentally a risk management consideration. Within the Emerging Markets fixed income space, the Governance aspect of ESG is best reflected in the political landscape. Ashmore's Investment Committee meetings start off with a macro discussion and then move to the individual countries. This review of individual emerging countries starts with a focus on what the likely effects of the external macro factors are on market behaviour and in turn, asset prices. The team analyses and discusses the ability (the financial position of a country) and the willingness (qualitative focusing on the incentives of the policy-makers in-country) of countries to service their sovereign debt. Ability to pay is analysed looking at classic indicators of credit-worthiness and debt sustainability analysis. This involves analysis of the local fiscal position, currency, interest rates and trade data. Currency and interest rate exposures within individual countries are explicitly evaluated and fundamentals such as growth prospects, balance of payments dynamics, credit-worthiness, the likely effect of commodity price movements, local politics, economic data and local and external investor sentiment are analysed thoroughly.

Willingness to pay is more subjective and can change quickly subject to the vagaries of the political cycle and the political response to economic events. Ashmore places emphasis on the factors that affect a government's willingness to pay and relies on scenario-analysis to determine the risks and opportunities presented by these governments' assets. Finally, the technical factors affecting asset prices in various markets are important considerations leading to investment decisions. Ashmore speaks regularly with appointed policy makers to glean their views on significant events, such as local elections, as well as to try to gauge their bias towards populist agendas which may impact ESG factors.

Ashmore formalises country credit and ESG considerations at least quarterly, in conversations between various members of the Investment team and the Head of Research. In addition, the Investment Committee will consider the assessment for each country on an ad-hoc basis as it discusses country visit reports from portfolio managers returning from research trips, or when discussing significant events such as elections. Therefore, credit and ESG analysis are an integral part of Ashmore's investment process for publicly traded fixed income securities.

Ashmore's quantitative scorecard is a derivation of its Risk models and assesses 10 economic and ESG risk factors for Impact (low, moderate, high, or 1, 2, 3) and Probability (low, moderate, high or 1, 2, 3). The score of each factor would be Impact x Probability, with six possible outcomes: 1, 2, 3, 4, 6, 9. Adding the scores of all ten factors gives a country risk score that incorporates both credit risk and ESG risk. The theoretical minimum and maximum risk scores are thus 10 and 90 respectively, while the median is 30 and the average is 40. These metrics are reviewed against yields and spreads to determine if an appropriate risk premium has been built into Ashmore's scenario analyses.

Within Emerging Markets fixed income segregated accounts, Ashmore also offers clients the flexibility to implement their ESG constraints related to specific countries, sectors and securities (for example, restricted lists, concentration limits etc.).

Alternatives

Ashmore's Alternatives investment theme often involves its funds taking significant stakes in investee companies. In such circumstances Ashmore is in a position to engage with the management of these companies. In many cases, Ashmore believes it to be beneficial to its investors to be active in promoting its brand locally by improving the livelihoods of the employees in those companies where it has a significant stake. When undertaking initial due diligence on any investments within the Alternatives theme, Ashmore's deal memorandum checklist takes into account the consideration of ESG issues within the investment analysis and decision making process, and the investee company's own ESG practices.

Engagement

Engagement is a fundamental part of Ashmore's ESG approach.

Within mature markets, ethical investing has often been portrayed as a 'negative' concept i.e. it involves a decision not to invest in a certain way. Whilst these concepts are well accepted in mature markets Ashmore believes that they are not necessarily conducive to helping emerging economies develop. In the context of developing countries Ashmore believes that it is also possible to apply other concepts such as engagement within the ethical investment debate.

In the Equities theme Ashmore believes that good corporate governance helps to align the interests of company management with those of its shareholders. Where possible, Ashmore seeks to maintain constructive dialogue with company management.

Ashmore considers whether companies have corporate governance frameworks that are in line with applicable country codes and serve shareholder interests. Views on corporate governance do not constrain investment decisions however; often the most profitable investments can be made in companies where an improvement in corporate governance practices is anticipated. In many jurisdictions, and to the extent consistent with Ashmore's fiduciary duty to its clients, Ashmore exercises voting rights as a means to signal views to company management. Ashmore has developed detailed guidelines to guide voting decisions, but will, as appropriate, consider resolutions on a case-by-case basis taking into account all available information.

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

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

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

Proxy voting and corporate actions

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

Where Ashmore is given responsibility for proxy voting and corporate actions, it will take reasonable steps under the circumstances to ensure that proxies are voted in the best interests of its clients. Protecting the financial interests of its clients is the primary consideration for Ashmore in determining how to protect such interests. This generally means proxy voting with a view to enhancing the value of the securities held by or on behalf of Ashmore's clients, taken either individually or as a whole.

UK Stewardship Code

Details on how, and the extent to which, Ashmore complies with the principles of the UK Stewardship Code are described separately on the Ashmore website at **www.ashmoregroup.com**

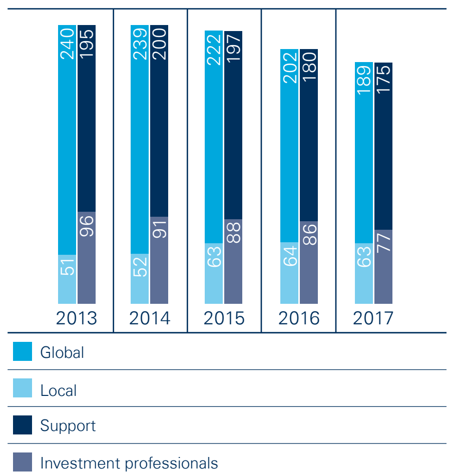
Managing Conflicts of Interest

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

Year end headcount

252

2016: 266



Employees

Ashmore directly employs 252 people in 10 countries worldwide, excluding employees in companies significantly controlled by funds that Ashmore manages. Ashmore's people have always been its most important asset, at the heart of everything it does. The Group's priority is to attract, develop, manage and retain this talent in order to deliver the potential of the organisation which is reflected in the low levels of unplanned staff turnover (FY2016/17: 8.7%). Ashmore wishes to be an employer which the most talented people aspire to join wherever it operates.

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

Ashmore seeks to ensure that its workforce reflects, as far as practicable, the diversity of the many communities in which its operations are located. Ashmore also recognises the diverse needs of its employees in managing the responsibilities of their work and personal lives, and believes that achieving an effective balance in these areas is beneficial to both Ashmore and the individual. Ashmore encourages employees to act ethically and to uphold clearly the standards of practice 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.

Disability

Ashmore will give full and fair consideration to applications for employment by disabled persons, having regard to their particular aptitudes and abilities and provide equal opportunity for disabled employees in terms of training, career development and promotion.

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. Ashmore employs over 32 different nationalities throughout the organisation. The gender balance is currently 67.5% (169 people) male and 32.5% (83 people) female.

Ashmore has provided data to the 2017 Hampton Alexander Review and this information is contained in Ashmore's separate Corporate Social Responsibility Report which can be found on its website at **www.ashmoregroup.com**

Gender diversity (Number of employees)

Employee development

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

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

Information security

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

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

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

Ashmore's approach to principal risks in general is discussed in greater detail on pages 32 to 37.

High ethical standards

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

Health and safety

The health and welfare of employees is very important to the Group.

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

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

Taxation

As a multi-national organisation with a diverse geographic footprint, Ashmore aims 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 always bearing in mind the potential impact on brand and reputation. In doing so, Ashmore is committed to paying tax in accordance with relevant laws and regulations and complying with fiscal obligations in the territories in which the Group operates. Ashmore's tax strategy will be published on the Ashmore Group website by 30 June 2018.

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

Human rights

Ashmore supports the United Nations Universal Declaration of Human Rights.

Environment

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

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

Ashmore's largest property occupancy is at its headquarters at 61 Aldwych, London where it occupies 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 and energy efficient lighting is installed in the building with sensors which turn lights off when no movement is detected.

Travel

Although Ashmore endeavours to make maximum use of available technology, such as video conferencing, investing in Emerging Markets inevitably requires that investment professionals and other members of staff travel frequently to these countries to investigate and monitor investments.

Recycling

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

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

Greenhouse gas emissions reporting

Further details on Greenhouse gas emissions (GHGs) can be found in the Directors' report.

Community Investment

2016-17 Highlights

- Ashmore London Team win Charity Rowing Challenge
- 22 Ashmore employees volunteer with local charities
- Ashmore Foundation establishes eight new partnerships awarding over US$ 700,000
- Ashmore Foundation makes donation to Yemen Crisis Appeal
- Grant giving extended to Ghana, Peru and Philippines

Making a positive difference

Ashmore's approach to community investment represents a commitment to building relationships and having a positive impact on the communities where Ashmore operates and invests. At the heart of this approach is the Ashmore Foundation, which consistent with Ashmore's investment experience focuses on the Emerging Markets.

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 have taken part in a range of activities supporting disadvantaged communities in their local vicinity. In New York, a team of Ashmore employees volunteer annually with local community organisations taking part in activities ranging from sorting clothes to stocking food banks. This year a team of seven sorted clothes for GOOD +.

In London, Ashmore employees continued to cultivate their relationships with local charities and in December took part and won a Corporate Rowing challenge to raise funds for Resurgo, a London-based charity, that works with young people from disadvantaged communities to access employment. Ashmore continues to make an annual donation of foreign coins and banknotes to the Alzheimer's Society, and to support local charities with gifts in kind.

The Ashmore Foundation

Investing locally in Emerging Markets communities

The Ashmore Foundation was established in January 2008 and seeks to make a positive and sustainable difference to disadvantaged communities in the Emerging Markets in which Ashmore operates and invests. To achieve this goal, the Ashmore Foundation aims to develop long-term relationships with locally based non-government organisations (NGOs).

The Ashmore Foundation 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 employees as well as one independent trustee. In addition to the board of trustees Ashmore employees engage in the governance of the Foundation through sub-committees.

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. 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.

Ashmore employees organise a range of events from wine tastings to cake bakes to raise funds for the Foundation. Ashmore employees organise challenge event in support of the Foundation and over the years have submitted the UK's three peaks, cycled from London to Paris and walked the length of Hadrian's Wall. In total, Ashmore employees have raised in excess of £220,000 for the Foundation and the civil society organisations it supports.

Approach

The Ashmore Foundation's focus of work is designed in response to the fact that, despite economic growth in Emerging Markets, disadvantaged communities in many countries remain affected by poverty and lack access to basic services and opportunities that are basic rights and could greatly improve their life situations. Moreover, a thriving civil sector is essential to democratic development in nascent and emerging nations.

The Foundation seeks to develop long-term partnerships with civil society organisations and does not accept unsolicited applications, preferring to seek appropriate partnerships pro actively. Civil society organisations typically receive between US$20,000 and US$50,000 per year over a two to three year period.

Following a review of its funding priorities in 2014, the Ashmore Foundation focuses its support 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 and that of their families and will also support economic growth and begin to address broader societal inequalities.

All proposals for new partnerships undergo a rigorous assessment designed to review not only the proposed activities but the organisation as a whole – taking into consideration management, governance, strategy, resources and accountability. The level and depth of due diligence is proportionate to the size of the grant under consideration.

Since its inception in 2008, the Ashmore Foundation has disbursed over £4 million to 70 civil society organisations in 25 Emerging Market countries. It has developed a number of longstanding strategic partnerships; below are case studies from two organisations which the Ashmore Foundation has recently supported.

Investing in the Ecosystem

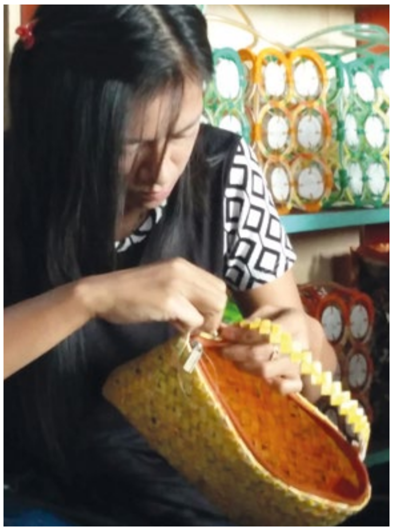
The Ashmore Foundation believes in the power of civil society organisations and social enterprises to drive social change. Since inception the Ashmore Foundation has partnered with enterprise incubators and accelerator programmes that enable organisations to prove their model and accelerate growth.

The Ashmore Foundation seeks to collaborate with and, where appropriate, establish funding partnerships with other foundations. These partnerships enable the Ashmore Foundation to bring its resources to bear in combination with the skills and expertise of other organisations to most effectively support civil society.

In the coming years, the Ashmore Foundation will continue to grow and develop its partnerships with civil society organisations in Emerging Market countries, exploring new opportunities and financing mechanisms to enable organisations to tackle inequality and social injustice creating a positive impact for disadvantaged communities.
www.ashmorefoundation.org

Emergencies

In addition to the main partnership grants programme, the Ashmore Foundation supports those communities in Emerging Market countries that have been affected by natural disasters and humanitarian emergencies. Most recently the Ashmore Foundation has supported families affected by the conflict in Yemen.



Mosintuwu Institute (Indonesia)

Partnership established 2016

Between 1998 and 2007, in Poso, Central Sulawesi, communal violence ensued, initially for political purposes but then spread along religious lines. Today people still bear the scars of this conflict, with mistrust and prejudice towards other religions common. Women have been disproportionately affected by the conflict and displacement, but have limited participation in the formal peace making process. Traditionally, gender roles have been defined by culture and religion; women are seen as second-class citizens with no place in public life.

This project seeks to support women's leadership through the development of income generating activities by establishing rural enterprises and garbage banks. The basic premise of the garbage bank is that villagers will deposit recyclable refuge to a central point in exchange for basic food staples. The refuse will be recycled into a range of products that will be sold locally and nationally.

British Red Cross (Yemen) – British Red Cross launched the Yemen Crisis Appeal in 2015 in response to the rapidly deteriorating humanitarian situation. They have helped support immediate relief efforts, providing vital items such as medical supplies, water and war-wound treatment kits to those injured in the conflict.

IED-Vital (Colombia)

Partnership established 2016

Rural communities in Colombia have been disproportionately affected by the conflict between the government and FARC. IED-Vital works with displaced families, ethnic minorities, and victims of the armed conflict through financial education programmes. They invest in local, village-level capacity for the management of savings, credits and solidarity funds through savings and loans groups. Once established the savings groups co-create micro-franchises and collective purchasing models that seek to generate income for rural communities, while at the same time increasing access to basic goods and services at more affordable prices.

The model is based on the strengthening of the social fabric, the capabilities of the groups and their participation in identifying gaps between supply and demand for basic goods and services. Through this partnership IED-Vital will increase coverage of their micro-franchise model, working with communities to establish 800 new micro-franchises. This will enable at least 8,000 low-income families to have permanent access to basic goods and services at a fair and reasonable price.

Committed to the highest standards

Peter Gibbs
Non-executive Chairman (Age 59)

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

Committee membership: N, R

Mark Coombs
Chief Executive Officer (Age 57)

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 43)

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.

Simon Fraser
Senior Independent Non-executive Director (Age 58)

Simon Fraser joined the Board in February 2012. Simon has extensive experience of the fund management industry, having worked at Fidelity International from 1981 to 2008. At Fidelity he held a number of positions during his career, including President, European & UK Institutional Business, Global Chief Investment Officer, Chief Investment Officer for Asia Pacific and Chief Investment Officer of the European Investment Group. He is Chairman of Foreign & Colonial Investment Trust plc, The Merchants Trust plc and the Investor Forum. Simon graduated from the University of St Andrews with an MA and has an MBA from Columbia University in New York.

Committee membership: A, N, R

Dame Anne Pringle DCMG
Non-executive Director (Age 62)

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, R

David Bennett
Non-executive Director (Age 55)

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

Committee membership: A, N, R

Clive Adamson
Non-executive Director (Age 61)

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

Committee membership: A

Key to membership of committees

A – Audit and Risk

N – Nominations

R – Remuneration

Ashmore is delivering for clients and shareholders

Ashmore has delivered strong operating and financial performance over the past 12 months, in particular producing outperformance for clients, generating net inflows in the second half of the financial year, and growing profit before tax by 24%. As described in the Market review, we feel the long-term prospects for Emerging Markets are extremely good, and the cyclical improvement in asset prices over the past year is translating into AuM and profit growth for Ashmore after a protracted period of weaker market conditions.

The characteristics that define Ashmore and provide significant competitive advantages have been much in evidence over the past year. The Group's investment processes are producing excellent performance against both benchmarks and peer groups; the inherent attractions of the Emerging Markets asset classes are increasingly being recognised by investors and addressed by our global distribution team; the local platforms are growing rapidly and repaying investments made by the Group; the operating model has delivered an increase in profit margin through ongoing disciplined control of costs; and the Group continues to maintain a strong and liquid balance sheet to provide reassurance through the market cycle and to enable investment in growth initiatives such as seed capital.

12.10p per share

Recommended final dividend

The Board's regular meetings have benefited from varied and detailed presentations by colleagues from both the global business units and the local asset management platforms. This enhances the Board's understanding of the Group's operations as well as providing an opportunity to focus on areas of topical interest, such as cyber security.

One of the most important features of the Ashmore operating model is the distinctive and highly effective remuneration model, which attracts and retains high-quality employees and aligns interests with clients and shareholders. As Simon Fraser describes in the Remuneration report on page 55, the Remuneration Committee has conducted a thorough review of the Group's remuneration policy ahead of the triennial vote at the forthcoming AGM. Central to this review was a comprehensive programme of meetings with Ashmore's largest institutional shareholders, to discuss and explain Ashmore's remuneration philosophy and to understand shareholders' views on the principal features of the policy. I believe strongly in the Group's remuneration policy and participated in the majority of these meetings to ensure that the Board's support was recognised and to address any other governance topics that were raised.

The Board has recommended an unchanged final dividend of 12.10 pence for the year ending 30 June 2017 to give total dividends per share for the year of 16.65 pence. Subject to shareholders' approval at the AGM in October, the final dividend will be paid on 1 December 2017 to those shareholders on the register on 3 November 2017.

Board changes

– Nick Land retired from the Board at the AGM in October 2016

More information
A detailed report on corporate governance is provided on pages 47 to 49.

Through its regular formal meetings with employees, the Board is deeply aware of the strong culture and work ethic at Ashmore, and I would like to take this opportunity, on behalf of all Board members, to thank our colleagues for their ongoing efforts to deliver value to clients and shareholders.

Peter Gibbs
Chairman

6 September 2017

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.

Directors

The Board of Directors comprises two Executive Directors and five independent Non-executive Directors. The two Executive Directors are Mark Coombs, the Chief Executive Officer, and Tom Shippey, the Group Finance Director. The Independent Non-executive Directors are Peter Gibbs, Chairman; Simon Fraser, Senior independent Director; Dame Anne Pringle, David Bennett and Clive Adamson. Nick Land retired from the Board on 21 October 2016. 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;
- the Group's annual and interim reports and financial statements;
- the interim dividend and recommendation of final dividend;
- annual budgets and forecast updates;
- Internal Capital Adequacy Assessment Process;
- significant capital expenditure; and
- the effectiveness of risk management and internal control systems.

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

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

During the year under review,. the Group complied with the Code requirement that at least half of the Board consist of independent Directors (excluding the Chairman).

The Board confirms that the Company and Mark Coombs entered into a relationship agreement on 1 July 2014 as required under UK Listing Rule 9.2.2AR(2)(a); and that: (i) the Company has complied with the independence provisions included in that agreement; (ii) so far as the Company is aware, Mark Coombs has complied with the independence provisions included in that agreement; and (iii) so far as the Company is aware, Mark Coombs has complied with the procurement obligation included in that agreement pursuant to UK Listing Rule 9.2.2BR(2)(a), in each case during the financial reporting period ending on 30 June 2017.

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

In addition to its formal business, the Board received a number of briefings and presentations from members of executive management during the year covering a wide range of topics across the range of the Group's business. All Directors have access to independent professional advice, if required, at the Company's expense, as well as to the advice and services of the Company Secretary. New Directors appointed to the Board will receive advice as to the legal and other duties and obligations arising from the role of a director of a UK listed company within a full, formal and tailored induction.

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

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

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

Notwithstanding these provisions, the Board has adopted provision B.7.1 of the Code and all Directors will retire and seek re-election at the Annual General Meeting on 20 October 2017. The Listing Rules require that the election/re-election of independent directors be by a majority of votes cast by independent shareholders as well as by a majority of votes cast by all shareholders.

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 45.

Annual performance evaluation

The Code recommends that the Board should undertake a formal annual evaluation of its own performance and that of its committees and individual Directors and that an externally facilitated evaluation should be undertaken at least once every three years. An independent externally facilitated evaluation was undertaken by Independent Audit (which has no connection with the Company) for the reporting year ended 30 June 2015. The next independently facilitated review will be undertaken for the reporting year ending 30 June 2018. For the year under review individual meetings were held between each Director and the Chairman in which issues and developments over the year were discussed and performance was considered by reference to the objectives of the Board and its committees. The Senior Independent Director, Simon Fraser, led a review of Peter Gibbs' performance as Chairman. The Chairman presented a report to the Board and highlighted the following key points arising from his interviews with the Directors and from the Senior Independent Director:

- The Board believes that the existing compact structure is effective and that the relationships around the Boardroom work well.
- The size and balance of skills on the Board is appropriate at the present time.
- The Board is mindful of the need for greater diversity and when a suitable time arises to add further members to the Board, will aim to increase the balance of female representation.
- There is a constructive, professional and open environment and the Board is well supported by the senior executives and by the senior management team supporting them.
- The Audit and Risk, Remuneration and Nominations Committees are considered to be operating effectively.
- The Board strategy sessions and subsequent discussions have improved consistently.
- The Board confirmed its continuing support of Peter Gibbs as Chairman.

Year 1
Externally facilitated Board evaluation

Year 2
One to one interviews with Chairman focusing on issues raised in year 1 and any other issues

Year 3
One to one interviews with Chairman focusing on progress

The Board believes that, following the completion of the performance evaluation, the performance of the Chairman and the Directors continues to be effective and that they continue to demonstrate commitment to their roles.

Board committees

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

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

The chairman of each committee reports regularly to the Board.

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

Current membership of the committees is shown in the relevant sections below. The composition of these committees is reviewed at least annually, taking into consideration the recommendations of the Nominations Committee.

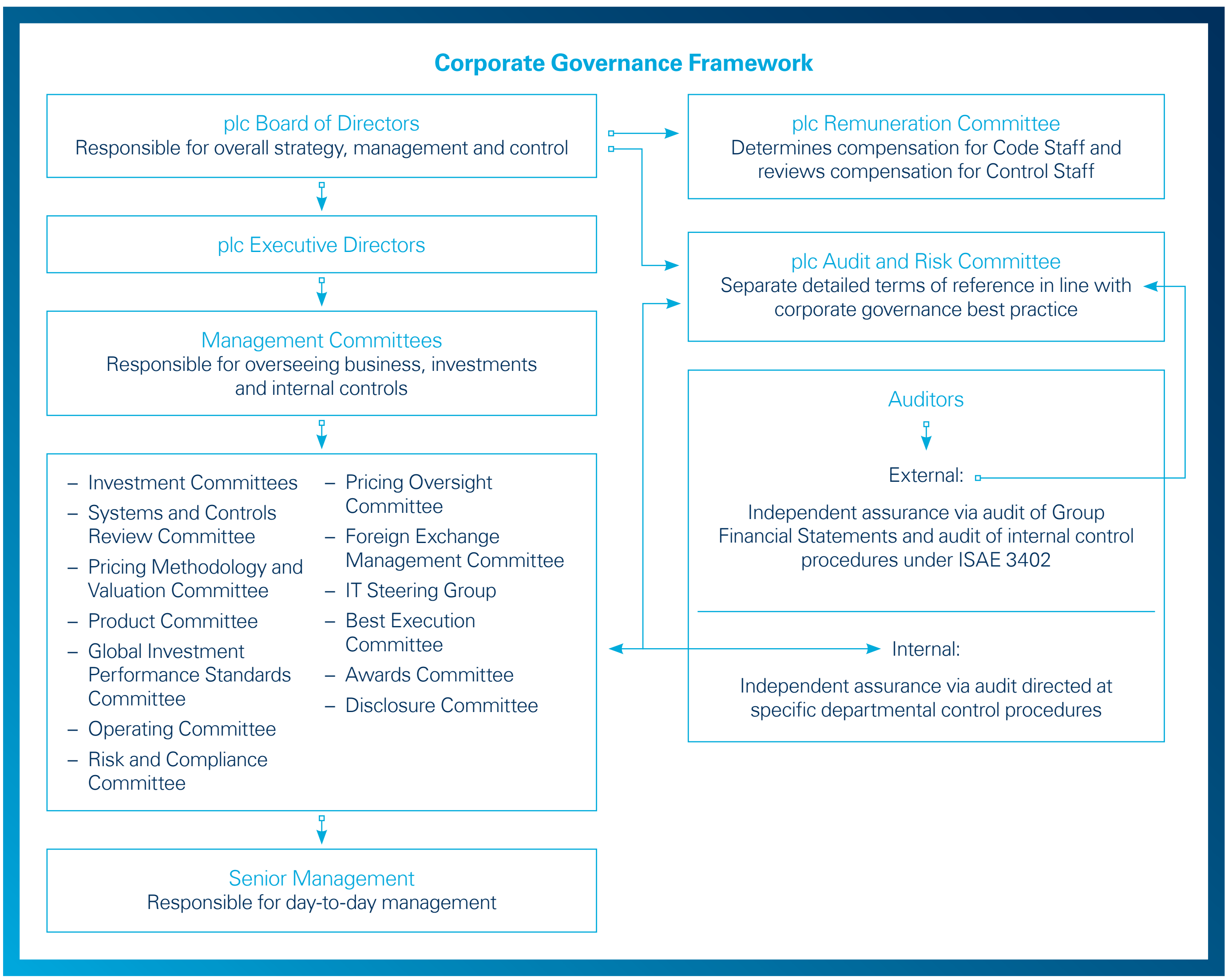
Board and committee attendance

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 served on the Board or its committees through part of the year under review.

	Board	Nominations Committee	Audit and Risk Committee	Remuneration Committee
Total number of meetings scheduled between 1 July 2016 and 30 June 2017	6	2	4	6
Peter Gibbs	100%	100%	–	100%
Mark Coombs	100%	–	–	–
Tom Shippey	100%	–	–	–
Simon Fraser	100%	100%	100%	100%
Dame Anne Pringle	100%	–	100%	100%
David Bennett	100%	100%	100%	100%
Clive Adamson	100%	–	100%	–

1. Nick Land retired from the Board on 21 October 2016.
2. Members of executive management are invited to attend Board committee meetings as required but do not attend as members of those committees. The Group Finance Director attends all meetings of the Audit and Risk Committee.



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 2017.

David Bennett
Chairman

Activities

The Audit and Risk Committee held four pre-scheduled meetings during the year. The activities of the Audit and Risk Committee are described on pages 50 to 53.

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

- David Bennett (Chairman)
- Clive Adamson
- Simon Fraser
- Dame Anne Pringle

All members of the Audit and Risk Committee served throughout the year.

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

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

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

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

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

Key judgements

In assessing the various key matters relative to its terms of reference, and to satisfy itself that the sources of assurance and information the Audit and Risk Committee has used to carry out its role to review, monitor and provide assurance or recommendations to the Board, are sufficient and objective, the Audit and Risk Committee has adopted an integrated assurance approach. This approach relies not only on the work of the external auditor but also management assurances received from various reports including from the Group Finance Director, Group Head of Risk Management, Group Head of Compliance and also via the existing Ashmore governance framework such as specialised internal management committees. Other independent assurance is received from the Compliance Monitoring Programme and Internal Audit and from the externally audited ISAE 3402 report on the control environment. The Group Finance Director, Group Head of Risk Management and Group Head of Internal Audit attend each pre-scheduled meeting of the Audit and Risk Committee as a matter of practice and the Group Head of Compliance attends meetings of the Committee from the financial year commencing 1 July 2017.

The Audit and Risk Committee also has responsibility for reviewing the Company's arrangements on whistleblowing, ensuring that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action.

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

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

Meetings

The number of Audit and Risk Committee meetings and their attendance by the Directors are set out in the table on page 49. The Audit and Risk Committee met four times in relation to the current financial reporting year as part of its standard process. Scheduled meetings of the Committee take place on the day prior to a Board meeting to maximise the efficiency of interaction with the Board. The Chairman of the Audit and Risk Committee reports to the Board, as part of a separate agenda item, on the activities of the Committee. All Non-executive Directors are invited to attend meetings of the Audit and Risk Committee.

The Chairman of the Audit and Risk Committee also meets on a regular basis, outside of scheduled committee meetings, with the Group Head of Internal Audit, the Group Head of Risk Management and Control, the Group Head of Compliance, the Group Finance Director and the external auditors.

Financial statements

The Audit and Risk Committee reviewed the FY2016/17 annual report, interim results and reports from the external auditor, KPMG LLP, on the outcome of its reviews and audits in 2017.

Significant accounting matters

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

Share-based payments

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

Classification of seed capital investments

Ashmore makes seed capital investments in funds that are managed by Group subsidiaries in order to support future third-party AuM growth. These investments can result in Ashmore becoming a controlling party in the funds. If at the time of investing in these funds Ashmore expects the period of control to be less than 12 months, the investments are classified as held-for-sale (HFS) and consolidated as HFS assets and liabilities rather than on a line-by-line basis. In determining whether the Group controls these funds, there are three factors which are taken into consideration, namely 1) whether Ashmore has power over the relevant activities of the funds; 2) whether Ashmore is exposed to variability of returns through fees and/or co-investments; and 3) the strength of the linkage between the power and the variable returns. The third factor is one of the key judgemental areas that KPMG focuses upon in its audit due to the potential risk that Ashmore has incorrectly assessed the strength of the linkage between the power and the variable returns.

The accounting treatment for seed capital investments is addressed more fully in note 20 to the financial statements.

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

Future IFRS and UK GAAP developments

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

Other accounting matters

During the year, the Audit and Risk Committee received communications from management and from the external auditor on other accounting matters. The Committee has also reviewed the adoption of the going concern basis in preparing the interim and year end consolidated accounts and considered the longer term viability statement for the Group which is described in more detail on page 34.

UK Corporate Governance Code

A further version of the Code (the 2016 Code) was issued effective for accounting periods commencing on or after 17 June 2016, which Ashmore has adopted for the financial year ended 30 June 2017.

External auditor

For FY2016/17 Thomas Brown became the KPMG audit partner. The FRC Ethical Standards for Auditors require that KPMG rotate the audit partners every five years for a listed entity.

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

The external auditor provides reports at each committee meeting on topics such as the control environment, key accounting matters and mandatory communications. The Audit and Risk Committee also received a comprehensive presentation from the auditor demonstrating, to the Committee's satisfaction, how its independence and objectivity is maintained when providing non-audit services.

External auditor independence

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

During the year the value of non-audit services provided by KPMG LLP amounted to £0.2 million (FY2015/16: £0.4 million). Non-audit services as a proportion of total fees paid to the auditor have fallen to approximately 33% (FY2015/16: 50%). The overall quantum of non-audit services is not considered to be significant given that Ashmore operates within a highly-regulated market and that a significant proportion of the non-audit services provided relate to the following matters:

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

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

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

The Audit and Risk Committee has assessed and noted the impact on the Company of EU legislation introduced in June 2014 which serves to reform the audit market within the EU. The areas addressed are:

- Mandatory audit firm rotation is required after 20 years and a re-tender process every 10 years. The Committee undertook a comprehensive tender process in March 2016 for the audit in relation to the year ending 30 June 2017.
- Restrictions on non-audit services: The 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.
- Non-audit service fee limits: The legislation also imposes a fee cap of 70% of the average statutory audit fees paid in the last three consecutive years. This cap will not restrict KPMG from continuing to undertake assurance, verification and reporting work in other required areas described above such as to the FCA, Global Investment Performance Standards and ISAE 3402.

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

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.

In order to assess the effectiveness of the external audit process the Audit and Risk Committee asked detailed questions of key members of management as well as considering the firm-wide audit quality inspection report issued by the FRC in June 2017 and KPMG's response to the findings inspection. Based on this review the Committee concurred with management's view that there had been appropriate focus and challenge of the primary areas of audit risk and assessed the quality of the audit to be satisfactory. Accordingly, the Audit and Risk Committee continues to be satisfied with the work of KPMG LLP and that it continues to remain objective and independent. The Committee has therefore recommended to the Board that a resolution be put to shareholders for the reappointment of the auditor, and its remuneration and terms of engagement, at the Annual General Meeting of the Company.

Internal controls and risk management systems

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

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

A detailed description of the risk management framework and the manner in which risks are identified and managed is set out on pages 32 to 37.

Internal audit

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

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

The Global Institute of Internal Auditors International Professional Practices Framework (IPPF) and the Financial Services Code guidance have a requirement for regular independent evaluations of the Internal Audit function, and the Audit and Risk Committee will consider with the Internal Auditor the scope and timing of such an external quality assessment.

Internal Audit also provides annual confirmations to the Audit and Risk Committee on four areas: internal independence, internal audit skills and continuing professional development, any potential conflicts of interest and the ongoing suitability of the internal audit terms of reference. After due consideration, and in accordance with the Financial Services Code guidance, the Audit and Risk Committee is satisfied that the quality, experience and expertise of the Internal Audit function is 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 will attend and present to the Audit and Risk Committee, rather than to the Board, from the financial reporting period commencing 1 July 2017. Reports will include details of the Group's relations with regulators; the Compliance monitoring programme; material breaches, errors and complaints; retail conduct risk, anti-money laundering controls and sanctions compliance. The Audit and Risk Committee will also approve the Compliance monitoring plan and review the Group's procedures for ensuring compliance with regulatory reporting requirements.

Information security

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

Whistleblowing and fraud

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

Public funds' audits

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

Audit and Risk Committee effectiveness

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

David Bennett
Chairman of the Audit and Risk Committee

6 September 2017

Nominations committee

During the year the activities of the Nominations Committee have included reviewing the requirements for potential independent Non-executive Director candidates for appointment to the Board, proposals for re-election of Directors at the Annual General Meeting, and reviewing its terms of reference.

Peter Gibbs
Chairman

Activities

The Committee met twice during the year. The principal items considered at the meetings were the sourcing of new, and succession planning for, Non-executive Directors and the composition of existing Board committees.

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

- Peter Gibbs (Chairman)
- Simon Fraser
- David Bennett

All members of the Nominations Committee served throughout the year.

The terms of reference for the Nominations Committee include:

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

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

During the year the activities of the Nominations Committee have included reviewing the requirements for potential independent Non-executive candidates for appointment to the Board, proposals for re-election of Directors at the Annual General Meeting, and reviewing its terms of reference. The Committee may from time to time engage the services of an independent recruitment consultant which has no connection to the Group for the purpose of sourcing suitable Board candidates.

The number of Nominations Committee meetings and their attendance by the Directors are set out in the table on page 49.

Peter Gibbs
Chairman of the Nominations Committee

6 September 2017

Remuneration Committee

I am pleased to present the Remuneration report for the year ending 30 June 2017. This year's report is split into three sections: an at a glance summary, which includes details of this year's remuneration outcomes for the CEO and GFD and highlights of the proposed policy; the proposed Directors' remuneration policy; and finally the Annual Report on Remuneration, which explains how the current policy has been applied during the year and which will be subject to an advisory vote at the Annual General Meeting.

Ashmore Group plc's Directors' remuneration policy (the Remuneration Policy, the Policy) will be subject to a triennial binding vote by shareholders at this year's Annual General Meeting in October. The Group's Remuneration Committee (the Committee), has been reviewing all aspects of the Remuneration Policy over the last few months in the light of regulatory and other developments since the last binding shareholder vote in 2014. I, along with the Board Chairman and other senior Ashmore employees, have spent time meeting with our larger shareholders to understand their views on our existing Remuneration Policy and practices. In particular, the Committee and the Board have been focused on whether Ashmore's remuneration approach is still aligned with the long-term strategy of the business.

Remuneration Policy structure

We believe the current Remuneration Policy has served clients, employees and shareholders extremely well and therefore we are not proposing any significant changes. The Remuneration Policy is deliberately simple and the principles supporting it are applied across all of the Group's employees in order to instil a common equity ownership culture based on pay for performance. The key principles are:

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

We believe that this type of structure is different from most other major UK listed companies as there is no complicated LTIP, it is consistent throughout the Company which is critical to develop a strong, team-based corporate culture, it is heavily focused on variable compensation which is paid only for genuine performance, and it is designed to align all employees with shareholders through equity ownership.

Approximately 50% of outstanding shares are owned by 164 employees, 87% of those that are eligible, and who average six years of service. Employee shareholders have voted for and continue to support, the Remuneration Policy since establishment in 1992. This emphasises the strong equity-ownership culture that prevails at Ashmore, and also ensures effective alignment with external shareholders.

Hence, it can be seen that this Policy has worked for the benefit of all shareholders over a long period of time in both private and 11 years of public ownership.

There are some features of the Remuneration Policy, however, that are now less common in the UK market, such as the opportunity for employees to receive matching shares, and the fact that the cap on pay is at the Group level and not at the individual employee level, but these should be regarded in the context of the Group's distinctive business model and the Board's desire to foster an equity ownership culture with all of the positive outcomes that this can deliver for clients and shareholders.

Reflecting performance in remuneration

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 the remuneration policy plays a key role in minimising fixed costs, providing flexibility in variable costs, enabling key staff retention, and thereby aligning the interests of clients, shareholders and employees through market cycles. This is the key driver of the structure of our remuneration policy rather than a sector benchmarking exercise or short-term business metrics.

During the period of recent under performance of emerging market assets, our approach resulted in Executive Director variable compensation at award value falling from £12 million in 2011 to £2.9 million in 2016, reflecting the 30% fall in our revenues and 32% decline in diluted earnings per share. Over the same period, dividends to shareholders actually grew by 15%. This is demonstrated in the chart on page 58, which shows that as revenues have fluctuated through the market cycle, the remuneration policy has provided significant cost flexibility and therefore has protected returns to shareholders. In addition the application of stretching performance conditions applied to elements of deferred restricted shares in 2010 and 2011 have resulted in £10,500,000 of awards lapsing with no value in 2015 and 2016. The impact of our approach to variable remuneration for the CEO, who has been in his role for sufficient time to demonstrate variable pay outcomes through market cycles, can be seen in the chart on page 58.

Over a number of years, the Group has continued to receive support from shareholders for its Remuneration Policy and it is recognised that the Policy has delivered appropriate outcomes over a long period of time. The core features of the Policy, such as long-dated equity deferral, were established prior to Ashmore's listing in 2006, and have subsequently been reflected in established market practices or financial services industry regulation. The significant deferral of equity awards under the Group's remuneration policy meant that it was able to comply easily with the Alternative Investment Fund Managers Directive and it is already consistent with the publicly-stated position on the subject of a number of institutional investors. Interestingly, emerging governance guidance is recommending that all major companies move away from the use of LTIPs towards a model similar to that which Ashmore has always had in place, as LTIPs have not tended to work in the best long-term interest of the business.

The Remuneration Committee and Board believe that the Policy to be put to a binding vote at this year's AGM will continue to serve the Company, its clients and its shareholders well and would welcome your support for the 2017 Directors' Remuneration Policy, highlights of which can be found in the at a glance section overleaf.

Simon Fraser
Remuneration Committee Chairman

Activities

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

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

– Simon Fraser (Chairman)
– David Bennett
– Peter Gibbs
– Dame Anne Pringle

All members of the Remuneration Committee have served on the Committee throughout the year.

At a glance

For ease of reference, the main features of the proposed Remuneration Policy, which is provided in full on pages 59 to 63, and which will be put to a binding vote at the 20 October 2017 AGM are shown on the following pages. Below is a summary of this year's remuneration outcomes, which have been delivered under the current Policy, approved in 2014.

Performance for the year ending 30 June 2017

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

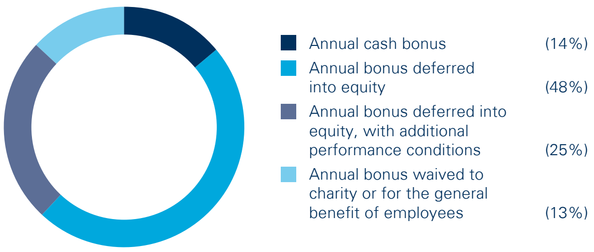
- 12% increase in AuM to US$58.7bn;
- Improved adjusted EBITDA margin of 65%;
- 23% increase in profit before tax
- Continued strong investment performance over 1, 3 and 5 years;
- 31% increase in diluted EPS to 23.7p per share;
- Continued focus on cost control

Further detail can be found in Figure 5 of the Annual Report on Remuneration on page 65.

The Chief Executive's remuneration outcomes

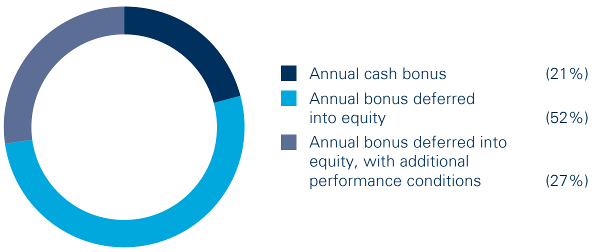
The Chief Executive's total annual bonus comprising cash and share awards at grant value, prior to any waivers or voluntary elections he may choose to make, increased from £1,500,000 (FY 2015/16) to £4,000,000. Should the Chief Executive voluntarily elect to commute the maximum 50% of his cash bonus, and as a result receive a matching share award, his maximum annual bonus will be £5,200,000 as shown in the below chart. The total sum ultimately to be received by the Chief Executive will be dependent on achievement relative to the performance conditions, which means that up to £1,400,000 of this sum may not be paid out when the share awards vest in 2022.

Restricted and restricted matching shares awarded to the Chief Executive in 2010, vesting in 2015 and 2011, vesting in 2016 with respective grant values of £4,900,000 and £5,600,000 lapsed in full as a result of the application of the stretching performance conditions.



The Group Finance Director's remuneration outcomes

The Group Finance Director's total annual bonus comprising cash and share awards at grant value, prior to any waivers or voluntary elections he may choose to make, increased from £750,000 (FY 2015/16) to £950,000. Should the Group Finance Director voluntarily elect to commute the maximum of 50% of his cash bonus, and as a result receive a matching share award, his maximum annual bonus will be £1,235,000, as shown in the below chart. The total sum ultimately to be received by the Group Finance Director will be dependent on achievement relative to the performance conditions, which means that £332,500 of this sum may not be paid out when the share awards vest in 2022.



Details of any elections made to commute cash bonus and related awards of matching shares will be provided in the Remuneration report for the year in which the awards are made, as will the vesting outcome of the awards made in 2012 due to vest on 18 September 2017. As has been the case in previous years, base salaries for Executive Directors have remained unchanged at £100,000, a level significantly below fixed pay levels for equivalent positions at peer organisations, consistent with the Company's management of its fixed cost base and strong belief in pay for performance.

Regulatory considerations for the year ending 30 June 2017

For remuneration relating to the year ending 30 June 2017, the Remuneration Committee has again ensured that pay will be delivered to Executive Directors and other employees categorised by the FCA as identified staff, consistent with the requirements of the Alternative Investment Fund Managers Directive. This has meant that Executive Directors and other relevant employees will receive a proportion of their upfront or cash bonus delivered as a further award of restricted shares which are retained and restricted from sale for a six-month period, rather than as cash. Further details of this can be found in the Annual Report on Remuneration.

Consideration of malus and clawback for the year ending 30 June 2017

A clawback principle applies to variable remuneration, enabling the Committee to recoup variable remuneration under certain circumstances. Clawback can be applied to both the cash and share-based elements of variable remuneration, via the reduction or cancellation of any outstanding unvested deferred share awards regardless of the year to which they relate. The Committee considered there were no events or circumstances that would have made it appropriate to recoup remuneration during the year ending 30 June 2017.

Main features of the proposed Remuneration Policy

Base salary

In a business where the majority of costs are employee-related, a low cap on base salaries, currently set at £120,000, seeks to ensure that fixed costs are minimised, and it delivers a ratio of CEO to median employee pay that is very low relative to the UK market. Therefore it is not proposed to change the existing Policy.

Variable remuneration, including matching shares

The Group operates a simple variable remuneration structure for all employees including Executive Directors, based on a single annual profit-derived bonus pool that is capped at 25% of earnings before variable remuneration, interest and tax. There is a bias towards long-dated equity through the use of restricted shares and the voluntary option to defer cash in favour of equity. Ashmore's pay structure has always been straightforward, comprised of an annual cash bonus and an annual award of equity, which has vesting deferred for five years. The Group does not operate, and never has operated, a separate long-term incentive programme.

The process of determining the annual cash bonus and share awards for Executive Directors is one to which the Remuneration Committee dedicate significant time. Whilst the Committee retains discretion over the amounts awarded, the outcomes are based on detailed analysis of achievements relative to financial and non-financial KPIs.

For Executive Directors, in addition to the requirement to remain in service until vesting, half of the restricted shares are subject to four equally-weighted performance conditions over the five-year period, relating to: total shareholder return relative to a broad industry peer group; delivery of investment outperformance; growth in assets under management; and profitability.

The individual may elect to defer up to half of his cash bonus into restricted shares that also vest after five years, and which will be matched in the form of an additional award of restricted shares. For Executive Directors, half of the additional restricted shares are subject to the performance conditions described above. The Committee believes it is important to ensure a consistent treatment of deferred remuneration across the firm, and so matching restricted shares can be awarded to Executive Directors in the same way as any other employee, albeit that other employees do not have additional performance conditions attached to their restricted matching shares.

The current Policy therefore ensures that between 40% and 77% of an Executive Director's variable pay is deferred for five years. With a low basic salary, this also results in a very high proportion of total remuneration being deferred.

This variable remuneration structure allows the Remuneration Committee to flex the awards in order to reflect the performance of both the business and the individual in any given period. The current 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 through market cycles. 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 Executive Directors, including several cases when no award was made, and the application of the stretching performance conditions results in a significant proportion of remuneration being at risk.

In addition, the Committee has never utilised fully the capped 25% bonus pool; the historical range of outcomes as a listed company is between 14% and 21% of profits allocated to the employee bonus pool.

The use of equity with significant deferral ensures a strong alignment of interests between clients, shareholders and employees and, in combination with ongoing performance conditions, seeks to support long-term decision-making. The potentially dilutive effect of the equity awards has been mitigated historically through the efficient purchase of ordinary shares in the market by the Group's Employee Benefit Trust, and it is intended that this approach continues. Therefore it is not proposed to change the existing Policy.

Variable remuneration cap

Whilst 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, and in practice this can serve as an effective cap on the pay awards to Executive Directors, the current Remuneration Policy does not explicitly cap any individual employee's variable pay award. The 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. The Committee has a demonstrable record of paying Executive Directors only for performance, with zero awards in some years.

The structure of Ashmore's variable pay awards should be seen in the context of the Policy which applies a low cap on base salaries, and which delivers a significant proportion of variable remuneration in deferred restricted shares. 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.

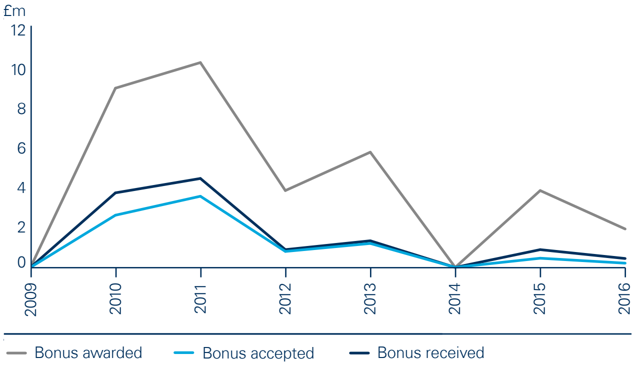
The Committee believes this is an appropriate Policy for a business whose main assets are its employees, as it builds a strong equity ownership culture which in turn delivers high levels of staff retention, whereas a formulaic approach to determining pay can often drive the wrong behaviours and thus long-term outcomes for clients, shareholders and employees. Therefore it is not proposed to change the existing Policy.

Shareholding requirement

The Committee recognises that a formal post vesting shareholding requirement could be useful in the case of new Executive Directors and therefore proposes introducing a new requirement for Executive Directors to build up a shareholding equivalent to 200% of salary over a three-year period. This period will commence from the conclusion of the AGM in 2017 for existing Executive Directors and from the first five-year vesting date for new Executive Directors, if the 2017 Remuneration Policy is approved by shareholders.

Chief Executive Officer – variable remuneration outcomes over time

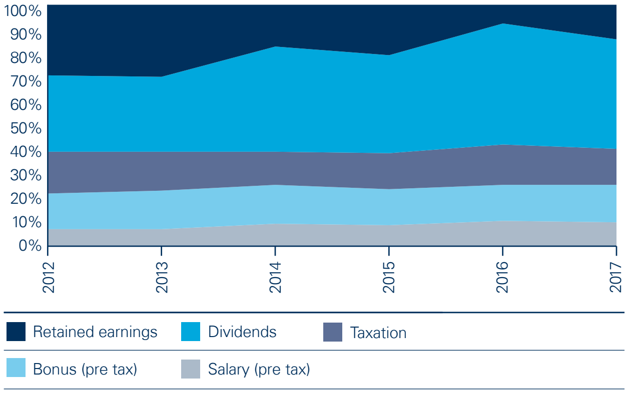
The chart below shows variable remuneration awarded to the CEO each year between 2009 and 2016. As can be seen, the Committee exercises its discretion in setting the annual level of award at an appropriate level based on the CEO's performance and the performance of the business each year; and as such, the variation in award level is reflective of the range of annual outcomes. In addition, as a result of the stretching performance conditions measured over the 5 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 granted in the year at the grant price
Bonus received – includes cash paid in the year and the vesting value of any shares actually received 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 in 2010 which vested in 2015 and shares awarded in 2011 which vested in 2016. The chart will be updated in future years to show the vesting outcomes for shares awarded in 2012 onwards.
2. Dividends includes the estimated cost of the proposed final dividend for FY2016/17.

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 broad policy for the remuneration of the Chairman, the Executive Directors and the Company Secretary and to determine their total individual remuneration packages including bonuses, incentive payments and share options or other share awards;
- ensuring that a significant proportion of Executive Directors' remuneration is structured so as to link rewards to corporate and individual performance and that performance conditions are stretching and designed to promote the long-term success of the Company; and
- ensuring that contractual terms on termination, and any payments made, are fair to the individual and the Company, that failure is not rewarded and that the duty to mitigate loss is fully recognised.

The number of Remuneration Committee meetings and their attendance by the Directors are set out in the table on page 49.

This section of the Remuneration report has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. It sets out the Remuneration Policy for the Company. The Policy has been developed taking into account the principles of the UK Corporate Governance Code 2014 and shareholders' executive remuneration guidelines. The current Policy was approved by a binding shareholder vote in 2014, and can be found on pages 56 to 59 of the 2016 Annual Report and Accounts. This policy was approved for three years and therefore will expire this year. The new Directors' Remuneration Policy proposed by the Committee is set out on pages 59 to 63. Shareholders will be asked to approve the new policy at the 2017 AGM on 20 October 2017. This policy will take effect for Directors from the date it is approved and is expected to apply for three years.

Policy overview

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

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

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

How the views of shareholders are taken into account

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

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

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

During the period, the Chairman of the Board, the Chairman of the Remuneration Committee and other senior Company representatives engaged with shareholders and proxy voting agencies, both in writing and through formal meetings, in order to provide information and solicit comments and feedback on the Company's remuneration practices and outcomes, and have considered these discussions as part of their decision-making process.

Consistent company-wide approach

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

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

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

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

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

Policy table

The table below summarises the key aspects of the Company's Remuneration Policy for Executive Directors which, if approved by shareholders at the Company's AGM, will be effective from 20 October 2017.

Figure 1
Remuneration Policy (the Policy) for Executive Directors

BASE SALARY (FIXED PAY)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

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

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

Base salaries are capped.

MAXIMUM OPPORTUNITY

The current cap is £120,000.

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

FRINGE BENEFITS (FIXED PAY)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

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

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

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

MAXIMUM OPPORTUNITY

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

PENSION (FIXED PAY)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

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

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

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

MAXIMUM OPPORTUNITY

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

VARIABLE COMPENSATION (DISCRETIONARY)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

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

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

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

1. Cash bonus (60% of total award)

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

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

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

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

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

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

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

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

MAXIMUM OPPORTUNITY

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

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

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

MALUS AND CLAWBACK

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

PERSONAL SHAREHOLDING

- Executive Directors are required to build up a shareholding equivalent to 200% of salary over a three-year period. This period will commence from the conclusion of the AGM in 2017 for existing Executive Directors and from the first five-year vesting date for newly appointed Executive Directors.

Differences in Remuneration Policy for Executive Directors compared with other employees

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

External Non-executive Director positions

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

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

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

Approach to remuneration for new Executive Director appointments

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

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

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

Service contracts and loss of office payment policy

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

The service contracts contain provisions for early termination.

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

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

In summary, the contractual provisions are as follows:

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

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

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

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

Incentive plan discretions

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

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

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

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

Legacy arrangements

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

Reward scenarios

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

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

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

Compliance with the Remuneration Code

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

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

Figure 2

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

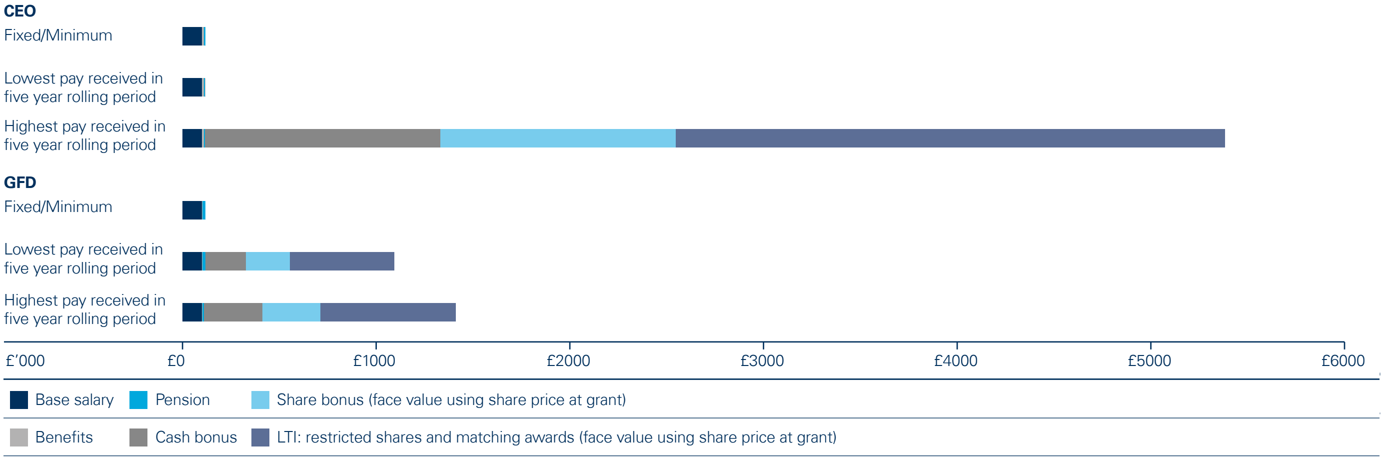


Figure 3

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

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

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

Figure 4

Remuneration for the year ending 30 June 2017 – audited information

The table below sets out the remuneration received by the Directors in the year ending 30 June 2017.

		Executive Directors		Non-executive Directors					
		Mark Coombs [1, 4, 5, 7, 8, 9, 11]	Tom Shippey [1, 5, 7, 11]	Clive Adamson	David Bennett[2]	Simon Fraser	Peter Gibbs	Nick Land [10]	Dame Anne Pringle DCMG
Salary and fees	**2017**	**100,000**	**100,000**	**60,000**	**75,000**	**85,000**	**150,000**	**18,462**	**60,000**
	2016	100,000	100,000	46,615	70,404	77,340	108,993	73,333	60,000
Taxable benefits	**2017**	**8,404**	**2,307**	**–**	**887**	**–**	**–**	**–**	**–**
	2016	8,400	2,100	–	1,633	–	–	–	–
Pensions	**2017**	**9,000**	**10,000**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	9,000	15,250	–	–	–	–	–	–
Cash bonus	**2017**	**1,818,548**	**544,350**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	209,708	210,375	–	–	–	–	–	–
Voluntarily deferred share bonus	**2017**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	410,850	225,000	–	–	–	–	–	–
Mandatorily deferred share bonus[6]	**2017**	**762,400**	**215,650**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	462,900	277,125	–	–	–	–	–	–
Total bonus	**2017**	**2,580,948**	**760,000**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	1,083,458	712,500	–	–	–	–	–	–
Long-term incentives vesting[3]	**2017**	**95,574**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2016	284,932	–	–	–	–	–	–	–
Total for year ending 30 June 2017	**2017**	**2,793,926**	**872,307**	**60,000**	**75,877**	**85,000**	**150,000**	**18,462**	**60,000**
Total for year ending 30 June 2016	2016	1,485,790	829,850	46,615	72,037	77,340	108,993	73,333	60,000

1. Benefits for both Executive Directors include membership of the Company medical scheme, and for Mark Coombs includes the Company's contribution towards transportation costs in relation to his role.
2. Benefits for David Bennett relate to transportation costs and the associated income tax and national insurance costs in relation to his role.
3. Long-term incentives vesting relates to awards with performance conditions where the performance period has ended in the relevant financial year and payments of dividends or dividend equivalents on such awards prior to their vesting date.
4. In respect of the year ending 30 June 2017, Mark Coombs waived any eligibility for, and any right or expectation to receive, a cash bonus of up to £283,391 (2016 £190,991), to be used by the Company for the general benefit of employees. In addition to this, in both the years ending 30 June 2016 and 30 June 2017 Mark Coombs chose to waive 10% of any element of his potential variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself; the numbers in the table above exclude any waived variable remuneration. Had he not waived these amounts, Mark Coombs' total bonus in respect of the year ending 30 June 2017 would have been £3,200,000. (2016 £1,425,000)
5. Mark Coombs and Tom Shippey may commute up to 50% of their cash bonus in favour of an equivalent amount of bonus share or phantom bonus share awards and an equivalent value in matching share or phantom matching share awards. All share or phantom share awards will be reported in the Directors' share and phantom share award tables in the year of grant. Mark Coombs and Tom Shippey both chose to commute 50% of their cash bonuses pre-waiver in 2016 for an equivalent amount of bonus share awards.
6. From the year ending 30 June 2015 onward, additional performance conditions are applied to 50% of any restricted or matching share award. The amounts shown in the column labelled mandatorily deferred share bonus represent the 50% of restricted and matching share awards that do not have additional performance conditions attached. These amounts represent the cash value of shares awarded at grant, which will vest after five years subject to continued employment.
7. In order to comply with the Alternative Investment Fund Managers Directive both Mark Coombs and Tom Shippey received a proportion of their bonus which would have otherwise been delivered in cash, as an additional award of restricted shares which will vest after a retention period. In 2017, prior to any elections made to commute cash bonus for bonus shares and an equivalent value in matching shares, the value of this award for Mark Coombs was £108,000 (2016 £29,252) and for Tom Shippey was £25,650 (2016 £14,628).
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. Nick Land retired from the Board on 21 October 2016.
11. Mark Coombs receives cash in lieu of a pension contribution. Tom Shippey's pension contribution includes an employee contribution via salary sacrifice; in 2017 this was £500 (2016 £5,375).

Total bonus award for the year ending 30 June 2017

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

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

The CEO's performance has been measured relative to financial (75%) and non-financial (25%) KPIs. All financial KPIs assessed by the Committee have demonstrated a marked improvement over the prior period, as very strong investment performance and improved sentiment towards Emerging Markets combined with continued tight control of operating costs has delivered increased profitability for the Group. The lag between delivering strong investment performance and client allocations being made has meant that despite excellent performance, net subscriptions only turned positive in the second half.

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

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

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

Governance

Figure 5

CEO and GFD performance measures

Executive Director	KPI	Areas considered within KPI	Weighting	Committee assessment
CEO	Business financial performance	To achieve higher than budgeted EBIT, to achieve higher than budgeted growth in AuM and to effectively manage investment performance to deliver consistent growth relative to each unblended investment theme	75%	– Investment performance has been very strong through the period with 91%, 86% and 87% of AuM outperforming over one, three and five years respectively, adding US$4.2 billion in AuM – Operating costs have remained tightly controlled and under budget – EBIT increased strongly by 22% relative to the prior period – AuM development was good, increasing by 12% to US$58.7 billion
CEO	Non-financial management performance	Strategy development and implementation, recruitment, staff turnover and succession planning and regulatory and compliance adherence	25%	– Group strategy developing as planned – Personnel matters have been effectively managed, with strong, stable investment and management teams in place – Strong risk management, governance and compliance culture embedded and maintained in all aspects of the business – Ashmore's distinctive culture continues to support the business through market cycles, demonstrated by strong staff retention
GFD	Management of departments	Department performance assessed for Finance, Corporate Development, Investor Relations, Company Secretarial and Facilities	35%	– Departments have remained stable with low turnover, and strong, developing teams – Operational improvements in financial management delivered recurring savings – Active cost control delivered savings in the year
GFD	Management of subsidiary business activities outside the UK, including joint ventures	Local asset management business growth and development of profitability and scale, integration of offices and effectiveness of joint venture relationships	25%	– Local asset management businesses developing as planned, with AuM increasing as the businesses mature and develop track records – Turkish business successfully sold – Major distribution partner introduced to Chinese joint venture – Indian investment platform established – US operations consolidated into New York operating hub
GFD	Corporate development and contribution to business strategy	Contribution to the development and implementation of strategic goals and increasing value for shareholders	30%	– Instrumental in management of operating costs – Continued support to development of business strategy, with specific focus on subsidiary business management and development
GFD	Investor relations and communication	Broadening the shareholder base and communicating effectively with external parties, the Board and all other relevant stakeholders	10%	– Internal and external relationships and communication remain effectively managed

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

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

Figure 6
Five-year summary of financial results

	2017	2016	2015	2014	2013
AuM US$bn (at period end)	**58.7**	52.6	58.9	75.0	77.4
Operating profit £m	**166.8**	137.9	181.0	171.3	232.0

Figure 7
Long-term incentive awards made during the year ended 30 June 2017 – audited information

Name	Type of award	No. of shares	Date of awards	Share price on date of award (£)	Face value (£)	Face value (% of salary)	Performance period end date
Mark Coombs[1, 2]	Restricted shares	161,330	16 September 2016	£3.3955	£547,796	548%	15 September 2021
Mark Coombs[1, 2]	Matching shares	120,999	16 September 2016	£3.3955	£410,852	411%	15 September 2021
Tom Shippey[2]	Restricted shares	88,353	16 September 2016	£3.3955	£300,003	300%	15 September 2021
Tom Shippey[2]	Matching shares	66,265	16 September 2016	£3.3955	£225,003	225%	15 September 2021

1. In respect of the year ended 30 June 2016, Mark Coombs chose to waive 10% of any element of his potential variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself, the numbers in the table above exclude any waived variable remuneration.
2. In addition Executives voluntarily defer their bonus into shares in order to receive an equivalent level of matching shares and are also required under the AIFMD rules to defer a portion of their cash bonus for six months. These awards are not subject to any performance conditions and full details can be found in Figure 10.

Long-term incentive awards made during the year ended 30 June 2017 – performance conditions

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

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

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

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

Performance and vesting outcome for the Chief Executive's 2011 long-term incentive awards which vested during the year ended 30 June 2017

During the period, shares awarded to Mark Coombs in 2011 reached their vesting date. On the vesting date, all bonus shares vested, and the TSR performance condition was applied to the vesting restricted and matching shares. The Company's TSR was 10.4%, which ranked Ashmore at 15.73 relative to the TSR peer group of 18 companies; the median rank which would have resulted in 25% vesting was 9.5 or a TSR of 90.7%. Therefore no restricted or matching share awards vested.

Performance and vesting outcome for the Group Financial Director's 2011 long-term incentive awards which vested during the year ended 30 June 2017

During the period, shares awarded to Tom Shippey in 2011 reached their vesting date. On the vesting date all bonus, restricted and matching shares vested. These awards were not subject to the TSR performance condition as they were awarded prior to his appointment as an Executive Director.

Figure 8
Performance conditions vesting scale

Performance condition	Performance	% of award vesting
TSR	Below median of peer group	Zero
	Median	25%
	Between median and upper quartile	Straight-line proportionate vesting
	Upper quartile	100%
Investment outperformance	Below 50% of assets outperforming the benchmarks over three and five years	Zero
	50% of assets outperforming the benchmarks over three and five years	25%
	Between 50% and 75% of assets outperforming the benchmarks over three and five years	Straight-line proportionate vesting
	75% or above of assets outperforming the benchmarks over three and five-years	100%
Growth in Assets under Management	Below 5% compound increase in AuM over the five-year performance period	Zero
	5% compound increase in AuM over the five-year performance period	25%
	Between 5% and 10% compound increase in AuM over the five-year performance period	Straight-line proportionate vesting
	10% or above compound increase in AuM over the five-year performance period	100%
Profitability	Below the benchmark return	Zero
	At the benchmark return	25%
	Between the benchmark return and 10% outperformance	Straight-line proportionate vesting
	At or above 10% outperformance relative to the benchmark return	100%

Figure 9
TSR peer group

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

Note: As a result of the merger of Henderson Group and Janus Capital Group, both companies have been removed from the TSR comparator group for awards made prior to 2017 and the new combined entity, Janus Henderson Investors, will be included in the TSR comparator group for awards made during the year ending 30 June 2018.

TSR is a well-established and recognised performance measure, which aligns the interests of the Executive Directors with those of shareholders. A comparator group of 17 companies has been selected from the global investment management sector. The Committee reviews the peer group periodically to take account of de-listings, new listings or other sector changes that are relevant.

Outstanding share awards

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

Figure 10

Outstanding share awards – audited information

Executive	Type of Omnibus award	Date of award	Market price on date of award	Number of shares at 30 June 2016	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2017	Performance period	Vesting/release date
Mark Coombs	RS[1]	20 September 2011	£3.9392	649,878	–	–	649,878	–	5 years	19 September 2016
	RBS[1]	20 September 2011	£3.9392	487,409	–	487,409	–	–	5 years	19 September 2016
	RMS[1]	20 September 2011	£3.9392	487,409	–	–	487,409	–	5 years	19 September 2016
	RS	18 September 2012	£3.2926	328,009	–	–	–	328,009	5 years	17 September 2017
	RBS[1]	18 September 2012	£3.2926	246,007	–	–	–	246,007	5 years	17 September 2017
	RMS[1]	18 September 2012	£3.2926	246,007	–	–	–	246,007	5 years	17 September 2017
	RS[1]	17 September 2013	£3.8340	422,536	–	–	–	422,536	5 years	16 September 2018
	RBS[1]	17 September 2013	£3.8340	316,902	–	–	–	316,902	5 years	16 September 2018
	RMS[1]	17 September 2013	£3.8340	316,902	–	–	–	316,902	5 years	16 September 2018
	RS	22 September 2015	£2.4278	494,271	–	–	–	494,271	5 years	21 September 2020
	RBS	22 September 2015	£2.4278	370,703	–	–	–	370,703	5 years	21 September 2020
	RMS	22 September 2015	£2.4278	370,703	–	–	–	370,703	5 years	21 September 2020
	RS[2]	16 September 2016	£3.3955	–	8,615	8,615	–	–	6 months	15 March 2017
	RS[1]	16 September 2016	£3.3955	–	161,330	–	–	161,330	5 years	15 September 2021
	RBS[1]	16 September 2016	£3.3955	–	120,999	–	–	120,999	5 years	15 September 2021
	RMS[1]	16 September 2016	£3.3955	–	120,999	–	–	120,999	5 years	15 September 2021
Total				**4,736,736**	**411,943**	**496,024**	**1,113,287**	**3,515,368**		

1. In respect of the years ending 30 June 2011, 30 June 2012, 30 June 2013 and 30 June 2016, Mark Coombs chose to waive 20%, 10%, 10% and 10% respectively of any element of his potential 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 2016', 'Granted during year' and 'Number of shares at 30 June 2017' figures are shown excluding the amounts waived. On the vesting/release date, any shares waived to charity will vest to them to the extent that any relevant performance conditions have been satisfied.
2. In order to comply with the Alternative Investment Fund Managers Directive remuneration principles in regard to the delivery of remuneration in retained instruments, a proportion of Mark Coombs' and Tom Shippey's cash bonuses relating to the year ending 30 June 2016 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

Executive	Type of Omnibus award	Date of award	Market price on date of award	Number of shares at 30 June 2016	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2017	Performance period	Vesting/release date
Tom Shippey	NDRS	20 September 2011	£3.9392	215,780	–	215,780	–	–	5 years	19 September 2016
	NDRS	18 September 2012	£3.2926	78,965	–	–	–	78,965	5 years	17 September 2017
	NDBS	18 September 2012	£3.2926	59,224	–	–	–	59,224	5 years	17 September 2017
	NDMS	18 September 2012	£3.2926	59,224	–	–	–	59,224	5 years	17 September 2017
	NDRS	17 September 2013	£3.8340	70,423	–	–	–	70,423	5 years	16 September 2018
	NDBS	17 September 2013	£3.8340	52,817	–	–	–	52,817	5 years	16 September 2018
	NDMS	17 September 2013	£3.8340	52,817	–	–	–	52,817	5 years	16 September 2018
	RS	30 September 2014	£3.0900	58,253	–	–	–	58,253	5 years	29 September 2019
	BS	30 September 2014	£3.0900	43,690	–	–	–	43,690	5 years	29 September 2019
	MS	30 September 2014	£3.0900	43,690	–	–	–	43,690	5 years	29 September 2019
	RS	22 September 2015	£2.4278	164,757	–	–	–	164,757	5 years	21 September 2020
	BS	22 September 2015	£2.4278	123,568	–	–	–	123,568	5 years	21 September 2020
	MS	22 September 2015	£2.4278	123,568	–	–	–	123,568	5 years	21 September 2020
	RS[3]	16 September 2016	£3.3955	–	4,308	4,308	–	–	6 months	15 March 2017
	RS	16 September 2016	£3.3955	–	88,353	–	–	88,353	5 years	15 September 2021
	BS	16 September 2016	£3.3955	–	66,265	–	–	66,265	5 years	15 September 2021
	MS	16 September 2016	£3.3955	–	66,265	–	–	66,265	5 years	15 September 2021
Total				**1,146,776**	**225,191**	**220,088**	**–**	**1,151,879**		

3. In order to comply with the Alternative Investment Fund Managers Directive remuneration principles in regard to the delivery of remuneration in retained instruments, a proportion of Mark Coombs' and Tom Shippey's cash bonuses relating to the year ending 30 June 2016 were delivered in the form of restricted shares, subject to a six-month retention period, rather than being delivered in cash. These shares vested in full on the date shown and were not subject to any additional performance conditions.

KEY

RS – Restricted shares

BS – Bonus shares

MS – Matching shares

NDRS – Restricted shares awarded while not a Director

NDBS – Bonus shares awarded while not a Director

NDMS – Matching shares awarded while not a Director

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

The overall limits on new issuance operated under the existing share plans were established on the listing of the Company in 2006. Under these agreed limits, the number of shares which may be issued in aggregate under employee share plans of the Company over any ten-year period following the date of the Company's Admission in 2006 is limited to 15% of the Company's issued share capital. As at 30 June 2017, the Company had 5.5% of the Company's issued share capital outstanding under employee share plans to its staff. All of the awards made to date have been 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. Although there is currently no formal shareholding requirement, the Executive Directors have substantial interests in Company shares. It is the intention to implement a formal requirement for Executive Directors to build an unrestricted, post vesting shareholding equivalent to 200% of salary under the proposed Director's Remuneration Policy, to be voted on at the 2017 AGM. If the Policy is approved, existing Executive Directors will be required to build up this shareholding over the three-year period following the approval of the Policy by shareholders.

Figure 11

Share interests of Directors and connected persons at 30 June 2017 – 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	281,128,915	2,460,758	1,054,611	284,644,284
Tom Shippey [2]	0	806,315	345,564	1,151,879
Non-executive Directors				
Clive Adamson	0	–	–	0
David Bennett	11,255	–	–	11,255
Simon Fraser	25,000	–	–	25,000
Peter Gibbs	50,000	–	–	50,000
Dame Anne Pringle DCMG	3,796	–	–	3,796

1. Outstanding restricted shares and matching shares awarded in 2012, 2013 and 2014 are subject to performance conditions. Half of the restricted shares and matching shares awarded in 2015 and 2016 are subject to performance conditions.
2. Restricted and matching share awards made to Tom Shippey prior to his appointment as a Director are not subject to performance conditions.
3. Save as described above, there have been no changes in the shareholdings of the Directors between 30 June and 6 September 2017. The Directors are permitted to hold their shares as collateral for loans with the express permission of the Board.

Percentage change in the remuneration of the Chief Executive Officer

Figure 12

Comparison of percentage change in salary, benefits and annual bonus

	2016 to 2017 % change
Chief Executive base salary	0%
Relevant comparator employees' base salary	2.3%
Chief Executive taxable benefits	0%
Relevant comparator employees' taxable benefits	9.9%
Chief Executive annual bonus	166.7%
Relevant comparator employees' annual bonus	12.2%

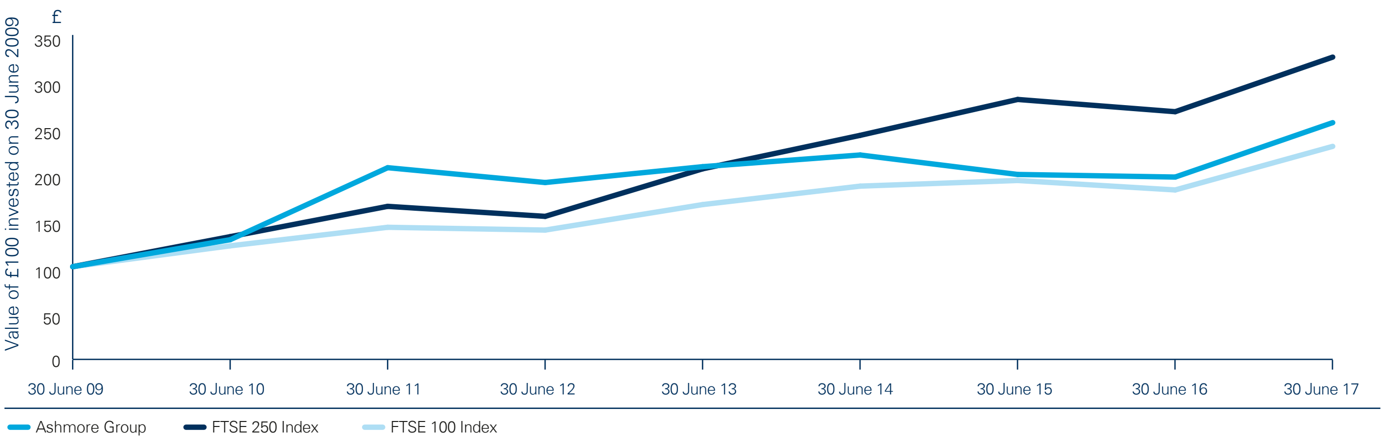
Figure 12 compares the percentage change from 2016 to 2017 in remuneration elements for the Chief Executive with the average year-on-year change across relevant comparator employees as a whole. Relevant employees are full-time employees of Ashmore Group who have been employed throughout the full performance year. Figures do not include amounts of cash waived to charity or for the general benefit of employees.

Performance chart

Figure 13 shows the Company's TSR performance (with dividends reinvested) against the performance of the relevant indices for the last eight years. Each point at a financial year end is calculated using an average total shareholder return value over the month of June (i.e. 1 June to 30 June inclusive). As the chart indicates, £100 invested in Ashmore on 30 June 2009 was worth £255 eight years later, compared with £230 for the same investment in the FTSE 100 index, and £326 for the same investment in the FTSE 250 index.

Figure 13

Total return performance chart to 30 June 2017



Source: Thomson Reuters

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

Governance

Figure 14

Chief Executive – audited information

Year ended 30 June	Salary	Benefits	Pension	Annual bonus	Performance-related restricted and matching phantom shares vested[1]	Percentage of restricted and matching phantom shares vested	Total
2017	£100,000	£8,404	£9,000	£2,580,948	£95,574	–	£2,793,926
2016	£100,000	£8,400	£9,000	£1,083,458	£284,932	–	£1,485,790
2015	£100,000	£8,388	£8,000	£2,415,000	£462,159	–	£2,993,547
2014	£100,000	£8,934	£7,000	–	£452,386	–	£568,320
2013	£100,000	£9,330	£7,000	£2,430,000	£421,668	–	£2,967,998
2012	£100,000	£9,322	£7,000	£1,620,000	£323,677	–	£2,059,999
2011	£100,000	£8,967	£7,000	£3,840,000	£145,962	–	£4,101,929
2010	£100,000	£8,972	£7,000	£2,940,000	–	–	£3,055,972
2009	£100,000	£12,175	£7,000	–	–	–	£119,175

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

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

Figure 15

Relative importance of spend on pay

Metric	**2017**	2016	2016 to 2017 % change
Remuneration paid to or receivable by all employees of the Group (i.e. accounting cost)	**65.9**	58.1	9.5%
Average headcount	**256**	277	(7.6%)
Distributions to shareholders (dividends and/or share buybacks)	**116.6**	116.1	0.2%

Statement on implementation of the Remuneration Policy in the year commencing 1 July 2017

The proposed Directors Remuneration Policy is subject to a binding shareholder vote at the 20 October 2017 AGM. If approved, the Policy will apply to the performance years ending 30 June 2018, 2019 and 2020. If shareholders do not vote approve the proposed Policy then the current Policy will continue to apply.

Under the proposed new Policy, the Committee intends to continue to apply broadly the same metrics and weightings to annual variable remuneration in the year ending 30 June 2018 as have been applied in the current period.

For long-term incentive awards (half of any restricted shares, matching shares and their phantom equivalents), the Remuneration Committee intends to continue to apply the four performance conditions as in the prior period, these being relative TSR, (subject to any changes to the peer group that may be necessary to take account of de-listings, new listings or other sector changes that are relevant), investment performance, assets under management and profitability.

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
Simon Fraser	100%
Dame Anne Pringle DCMG	100%
Peter Gibbs	100%
David Bennett	100%

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

External advisers

The Remuneration Committee received independent advice from New Bridge Street (NBS) consultants throughout the period from 1 July 2016 to 30 June 2017. NBS abides by the Remuneration Consultants' Code of Conduct, which requires it to provide objective and impartial advice. NBS' fees for the year ending 30 June 2016 were £38,778. The Company participates in the McLagan Partners compensation survey from which relevant data is provided to the Remuneration Committee. Neither of the above provides other services to the Company.

Statement of shareholder voting

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

Figure 16

Shareholder voting – Remuneration Report

	2016 AGM resolution to approve the Directors' Remuneration Report for the year ended 30 June 2016	% of votes cast
Votes cast in favour	515,559,732	87.21%
Votes cast against	75,621,253	12.79%
Total votes cast	591,180,985	100.00%
Abstentions	1,364,253	N/A

Approval

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

Signed on behalf of the Board of Directors.

Simon Fraser
Remuneration Committee Chairman

6 September 2017

Governance

Statement of Directors' responsibilities

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

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

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to hem to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

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

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

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

We confirm that to the best of our knowledge:

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

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

Peter Gibbs
Chairman

6 September 2017

The Directors present their Annual Report and financial statements for the year ended 30 June 2017.

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 2017 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 10 to 13, the Business review on pages 24 to 29 and the Corporate governance report on pages 47 to 49.

The principal risks facing the business and risk management policy are detailed on pages 32 to 37.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 86.

The Directors recommend a final dividend of 12.10 pence per share (FY2015/16: 12.10 pence) which, together with the interim dividend of 4.55 pence per share (FY2015/16: 4.55 pence) already declared, makes a total for the year ended 30 June 2017 of 16.65 pence per share (2016: 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 1 December 2017 to shareholders on the register on 3 November 2017 (the ex-dividend date being 2 November 2017).

Related party transactions

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

Post-balance sheet events

As described in note 31 to the financial statements there were no post-balance sheet events that required adjustment or disclosure herein.

Directors

The members of the Board together with biographical details are shown on page 45. All members of the Board served as Directors throughout the year.

Details of the service contracts of the current Directors are described in the Directors' remuneration policy on page 62.

Details of the constitution and powers of the Board and its committees are set out in the Corporate governance report on pages 47 to 49. 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 believes that this is a wider issue than solely gender. There are presently no plans to add further non-Executive Directors to the Board, however, the Nominations Committee, in assessing the suitability of a prospective appointee considers a number of diverse factors including the balance of skills, experience, gender and nationality. The Board currently consists of two Executive and five Non-executive Directors of whom one is 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.

Further details on diversity in general within Ashmore can be found in the Corporate Social Responsibility section on pages 38 to 44.

Insurance and indemnification of Directors

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

Directors' conflicts of interests

Since October 2008, the Companies Act 2006 has imposed upon Directors a new statutory duty to avoid unauthorised conflicts of interest with the Company. The Company has adopted revisions to its Articles of Association which enable Directors to approve conflicts of interest and which 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 62, 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 70 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 19 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 are 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 70) in the Company's ordinary shares of 0.01 pence each as set out in the table below.

Substantial shareholdings (disclosed in accordance with DTR5)

	Number of voting rights disclosed as at 30 June 2017	Percentage interests[2]	Number of voting rights disclosed as at 6 September 2017	Percentage interests[2]
Overseas Pensions and Benefits Limited (formerly Carey Pensions and Benefits Limited) as Trustees of the Ashmore 2004 Employee Benefit Trust[1]	**35,824,935**	5.06	**35,824,935**	5.06
Schroders plc	**34,589,104**	4.89	**34,589,104**	4.89
Allianz Global Investors GmbH	**32,695,220**	4.62	**32,695,220**	4.62
UBS Group AG	**27,343,929**	3.87	**27,343,929**	3.87

1. In addition to the interests in the Company's ordinary shares referred to above, each Executive Director and employee of the Group has an interest in the Company's ordinary shares held by Overseas Pensions and Benefits Limited (formerly Carey Pensions and Benefits Limited) under the terms of the Ashmore 2004 Employee Benefit Trust (EBT). The voting rights disclosed for the EBT in this table reflect the last notification made to the Company in accordance with DTR5. The actual number of shares held by the EBT at 30 June 2017 is disclosed in note 23 to the financial statements.
2. The shareholding of Mark Coombs, a Director and substantial shareholder, is disclosed separately on page 70.
3. Percentage interests are based upon 707,372,473 shares in issue (which excludes 5,368,331 shares held in Treasury) (2016: 707,372,473 shares in issue which excluded 5,368,331 in Treasury).

Relations with shareholders

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

Annual and interim reports and quarterly assets under management updates are widely distributed to other parties who may have an interest in the Group's performance. These documents are also made available on the Company's website where formal regulatory information service announcements are also posted. The Chief Executive Officer and Group Finance Director make regular reports to the Board on investor relations and on specific discussions with major shareholders and the Board receives copies of research published on the Company. Additionally, the Chairman and Senior Independent Director met with a number of the company's largest shareholders during the course of the year to discuss a number of topics including corporate governance and remuneration.

The 2017 Annual General Meeting will be attended by all Directors, and the Chairmen of the Audit and Risk, Nominations and Remuneration Committees will be available to answer questions. Private investors are encouraged to attend the Annual General Meeting.

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

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

Share capital

The Company has a single class of share capital which is divided into ordinary shares of 0.01 pence, each of which rank pari passu in respect of participation and voting rights. The shares are in registered form. The issued share capital of the Company at 30 June 2017 is 712,740,804 shares in issue (of which 5,368,331 shares are held in Treasury).

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

Restrictions on voting rights

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

Purchase of own shares

In the year under review, the Company did not purchase any of its own shares for Treasury. The Company is, until the date of the next Annual General Meeting, generally and unconditionally authorised to buy back up to 35,368,623 of its own issued shares. The Company retains a total of 5,368,331 shares for Treasury which were acquired at an average price of 129 pence per share. The Company is seeking a renewal of the share buyback authority at the 2017 Annual General Meeting.

Power to issue and allot shares

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

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

These authorities are valid until the date of the next Annual General Meeting. A resolution for the renewal of such authorities will be proposed at the 2017 Annual General Meeting.

Employees

Details of the Company's employment practices (including the employment of disabled persons) can be found in the Corporate social responsibility section on pages 38 to 44.

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 and Transparency Rules issued by the United Kingdom Listing Authority (UKLA). Listed companies are expected to comply as far as possible with the Financial Reporting Council's UK Corporate Governance Code, and to state how its principles have been applied. A report on corporate governance and compliance with the provisions of the Code is set out on pages 47 to 49. The Company complied throughout the accounting period under review with all the relevant provisions set out in the Code.

Mandatory greenhouse gas emissions reporting

Companies listed on the Main Market of the London Stock Exchange are required to report their greenhouse gas emissions (GHGs) in their annual report. The following is a summary of this information which is also reflected in Ashmore's separate Corporate social responsibility report.

Operational control methodology

Ashmore Group has adopted the operational control method of reporting. The emissions reported below are for the 13 global offices around the world where Ashmore exercised direct operational control in the 2016/17 financial year. These office emissions, as well as emissions originating from their operations, are those which are considered material to Ashmore Group.

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. Revisions to the GHG Protocol, to which this reporting exercise adheres, require organisations to calculate their Scope 2 emissions both in terms of 'market-based' emissions and 'location-based' emissions. This information is set out below.

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

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.

Exclusions

Whilst every effort has been made to collect full and consistent data from all international offices, in some cases information was not available.

Where no country data was available for the current reporting year, previous years have been used to estimate 2017 consumption.

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 15m per full-time employee, as sourced from a UK-based water company. This figure is broadly consistent with the average 'per employee' consumption of those offices which were able to provide data.

For those offices where the landlord utilities charge was the only possible source of data, energy and water consumption have been estimated using the average governmental utility prices for the respective countries.

Where offices were not able to provide any waste data for their buildings it was not deemed appropriate to estimate this, due to the uncertainties surrounding the varying nature of building sizes, modes of working and cities' waste disposal infrastructure, amongst other factors. It has also not been possible to make use of data supplied in litres, as the density of the waste is unknown.

Methodology

All data has been collected and analysed in line with the GHG Protocol Corporate Accounting and Reporting Standard. UK Government 2017 emission factors have been applied for all calculations, except the international offices' electricity consumption, for which the International Energy Agency's 2016 emissions factors have been used. Ashmore Group has used a customised tool, developed by Ricardo Energy & Environment, to undertake the emissions calculations.

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

All UK related emissions factors have been selected from the emissions conversion factors published annually by the UK Government: **https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2017**
All international electricity emissions factors were taken from the International Energy Agency's statistics report CO_2 Emissions from Fuel Combustion (2016 Edition). Purchased under license.

Ashmore's emissions

The overall GHG emissions decreased by 37.5% compared to the last year. This is primarily due to portfolio changes during 2016/17 financial year, and a Scope 3 methodology change implemented to account for more accurate information received this year. Analysis of the energy efficiency of the new offices demonstrates that more energy efficient buildings are joining the portfolio, which also contributes to lower GHG emissions and energy intensity. Air travel emissions decreased by 38.3%. This category, however, still remains the largest contributor to Ashmore Group's emissions breakdown with 890 tCO_2e. The second largest contributor to the GHG footprint, purchased electricity, has decreased significantly this year, due to exclusion of two offices from the Ashmore Group portfolio, and now accounts for 371 tCO_2e. 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[1]. Ashmore's emissions per FTE are shown in the table below.

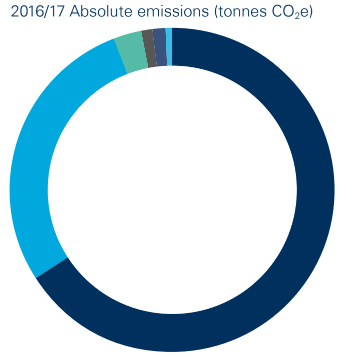
FTE 2015/16 = 274 employees;
FTE 2016/17 = 258 employees

Emissions per full-time employee

	Tonnes CO_2e/ FTE (2016/17)	Tonnes CO_2e/ FTE (2015/16)
Scope 1	**0.1**	0.2
Scope 2[2]	**1.4**	2.2
Scope 3	**3.5**	5.5
Total	**5.0**	7.9

2016/17 Ashmore Group's emissions by source[2]

2016/17 Absolute emissions (tonnes CO_2e)



Air travel	889.98 (68%)
Electricity	371.19 (29%)
Natural gas	33.83 (3%)
Waste	2.20 (<1%)
Water	2.87 (<1%)
Refrigerants	0.86 (<1%)

1. FTE 2015/16 = 274 employees; FTE 2016/17 = 258 employees
2. Using market based emissions

Ashmore's emissions by scope

Scope	Source	Tonnes CO_2e 2016/17	Absolute totals Tonnes CO_2e (2016/17)	Tonnes CO_2e 2015/16	Absolute totals Tonnes CO_2e (2015/16)
Scope 1	Natural gas	**33.83**	**34.69**	40.95	41.44
Scope 1	Refrigerants	**0.86**		0.49	
Scope 2	Electricity – location based	**372.13**	**372.13**	350.52	350.52
Scope 2	Electricity – market based[1]	**371.19**	**371.19**	588.21	588.21
Scope 3	Air travel	**889.98**		1442.18	
Scope 3	Water	**2.87**	**895.06**	3.59	1450.74
Scope 3	Waste	**2.20**		4.97	
Total			**1,300.94**		2,080.39

1. This figure is based on a combination of market-based and location-based emission factors. Market-based emissions factors were provided for four Ashmore offices which were able to provide accompanying electricity consumption data: Japan, UK, Turkey and Colombia CAF. This figure uses the market-based emission factors for these four offices. 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 (FY2015/2016: £0.1 million). The work of the Ashmore Foundation is described in the Corporate social responsibility section of this report on pages 43 to 44. 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 2017, the amount owed to the Group's trade creditors in the UK represented approximately 15 days' average purchases from suppliers (FY2015/16: 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 Directors to agree their remuneration. Note 11 to the financial statements sets out details of the auditor's remuneration.

2017 Annual General Meeting

The 2017 Annual General Meeting of the Company will be held at 12.00 noon on Friday 20 October 2017 at Kingsway Hall Hotel, 66 Great Queen Street, London WC2B 5BX. Details of the resolutions to be proposed at the Annual General Meeting are given in the separate circular and Notice of Meeting.

Going concern

The Company and Group have considerable financial resources and the Directors believe that both are well placed to manage their business risks successfully. Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out on pages 10 to 37.

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 75 to 79 inclusive has been drawn up and presented in accordance with and in reliance on English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

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

Approved by the Board and signed on its behalf by:

Michael Perman
Company Secretary

6 September 2017

1. Our opinion is unmodified

We have audited the financial statements of Ashmore Group plc (the Company) for the year ended 30 June 2017 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 2017 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 appointed as auditor of the company (then Ashmore Group Limited) by the Directors following its incorporation on 30 November 1998. Subsequent to the company's conversion into a public limited company and the public listing of its shares on the London Stock Exchange on 3 October 2006, we were reappointed as auditor of Ashmore Group plc by the Directors on 31 October 2007. The period of total uninterrupted engagement is 19 years ended 30 June 2017 (11 years since the Company's public listing). We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview

Materiality: Group financial statements as a whole	£10.07m (2016: £6.75m) 5% (2016: 4%) of Group profit before tax
Coverage	97% (2016: 97%) of Group profit before tax

Risks of material misstatement		**vs 2016**
Recurring risks	Management fee rebates	◄ ►
	Seed capital investments	◄ ►
	Share-based payments	◄ ►
Removed risks	Intangible assets	▼

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, as required for public interest entities, our results from those procedures. These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Management fee rebates (£41.4 million; 2016: £40.5m) Refer to page 50 (Audit and Risk Committee report), page 98 (accounting policy) and page 100 (financial disclosures).	**Bespoke, complex rebate calculations:** Management fee rebates payable to customers is an area of focus as individual rebate agreements include bespoke, complex rebate calculations. The Group has an automated system to calculate the majority of management fee rebates. **Risk in relation to rebate rates** The rebate rates are subject to periodic amendments. As a result, transactions in the financial statements require complete and accurate communication of rebate rates between several teams which increases the risk of error of incomplete recording of these transactions. **Risk in relation to assets under management** Assets under management used for rebate calculations are sourced from different parties including outsourced service organisations and internal teams. Complete and accurate transmission of assets under management data to the rebate calculation system is a key audit risk.	**Our procedures included:** **Procedures in relation to rebate rates:** **Control design, implementation and effectiveness** – 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. – We evaluated the control in the system to ensure that rebate rates are only effective after necessary approvals are granted in the system. **Test of details** – We agreed a selection, using a statistical sampling plan, of rebate rates used in the calculation by the system to the original legal documents. **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 service auditors. **Control observation** – Through retrieving system data and records we assessed the completeness and accuracy of the assets under management data flow through the interface from the third-party service provider and other in-house systems to the rebate calculation system. **General procedures:** **Control design, implementation and effectiveness** – 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 through retrieving system data and records to ascertain the completeness and accuracy of those reports. We also tested the calculation logic in the system by tracing one calculation in the system. **Test of details** – We independently recalculated a selection, using a statistical sampling plan, of management fee rebates and agreed the recalculated fees to the general ledger records. – We reconciled the rebates recognised within the general ledger to the output from the automated rebate calculation system for all system calculated rebates. **Our results:** – Our testing did not identify any deficiencies in controls that would have required us to amend the nature or scope of our planned detailed test work. We found no differences in the calculations above the materiality level over which we are required to report to the Group Audit and Risk Committee.

	The risk	Our response
Seed capital investments (£210.2 million; 2016: £238.5m) Refer to page 50 (Audit and Risk Committee report), page 96 (accounting policy) and page 113 (financial disclosures).	**Classification of seed capital investments** The Group invests in funds that are managed by its investment management subsidiaries (seed capital investments). These funds should be consolidated where it has been determined that the Group has control over the funds. In order to determine whether control exists for each fund, the Group needs to assess the strength of linkage between the power to govern the fund's operations and the level of variable returns receivable by the Group. The outcome of the assessment drives the classification of seed capital investments which in turn drives the accounting treatment for these investments. The classification of the seed capital investments represents a key audit area as the assessment of the linkage, and thus determination of control which leads to the classification, requires judgement.	**Our procedures included:** **Accounting analysis** – We critically assessed the Directors' stated policy for compliance with the accounting standards and assessed the appropriateness of the framework designed to determine whether control exists with reference to aggregate economic interests in funds and the strength of other investors' rights to replace the Group's subsidiaries as the investment manager. **External confirmation** – For each fund we agreed external inputs to the aggregate economic interest determination (including direct holdings and indirect holdings, where relevant) held by the Group to independent confirmations from fund administrators. **Assessing judgements** – For each fund we critically assessed the judgement on the strength of other investors' rights to replace the Group's subsidiaries as investment manager including reviewing the number of investors in each fund, if the fund is closed or open-ended and the investors' consent required to change the investment manager. **Test of details** – For a selection of the funds, we agreed internal inputs to the aggregate economic interest determination (including management fees and performance fees percentages, where applicable) to the funds' legal documents. **Assessing transparency** – We assessed the adequacy of the disclosures on the classification of seed capital investment. **Our results** – We found that the Group's judgements made in determining these classifications were acceptable, and that the disclosures on the basis of classification judgements were acceptable.

	The risk	Our response
Share-based payments for Executive Directors (£4.8 million; 2016: £2.2m) Refer to page 50 (Audit and Risk Committee report), page 98 (accounting policy) and page 124 (financial disclosures).	**Subjective estimate** The Group issues share awards to employees under a number of share-based compensation plans. The fair value of shares granted to Executive Directors are subject the achievement of some performance conditions, being the Group's Total Shareholder Return (TSR) in comparison to its peer group as defined by the Remuneration Committee, investment outperformance relevant to the benchmark over three and five years, growth in assets under management and profitability as assessed by the diluted earnings per share relative to a comparator index over the performance period. The Group uses a third party remuneration consultant to determine the fair value of awards granted with reference to their estimation of the likelihood of the performance conditions being met. This is one of the key judgemental areas that our audit is focused on because of the judgements involved in determining the likelihood of the performance conditions being met.	**Our procedures included:** **Assessing experts' credentials** – We assessed the objectivity and competency of the third-party remuneration consultant. **Methodology choice and remuneration consultant expertise** – We utilised our internal specialist to critically assess the methodology used in the third party remuneration consultant reports to estimate the fair value of the shares granted to Executive Directors with reference to the performance conditions. **Test of details** – We traced the estimation made by the remuneration consultant on the fair value of the shares granted as a function of the likelihood of the performance conditions being met, to those used in the determination of the charge of share-based payment schemes. **Assessing transparency** – We assessed the adequacy of the disclosures in relation to the scheme in the Remuneration report, in particular around the impact of the performance conditions on the fair value of the shares granted to Executive Directors. **Our results** – We had no concerns with the objectivity and competence of the third-party consultant. We found the resulting estimates on the fair value of shares granted to Executive Directors to be acceptable.

We continue to perform procedures over the valuation of intangible assets other than goodwill. However, the inputs and assumptions used to estimate the value of intangible assets have become less judgemental as those assets, as at 30 June 2017, are less than two years away from being fully amortised. We have thus not assessed this as one of the most significant risks in our current year audit and, therefore, it is 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 £10.07 million (2016: £6.75 million), determined with reference to a benchmark of Group profit before tax, of which it represents 5% (2016: 4%).

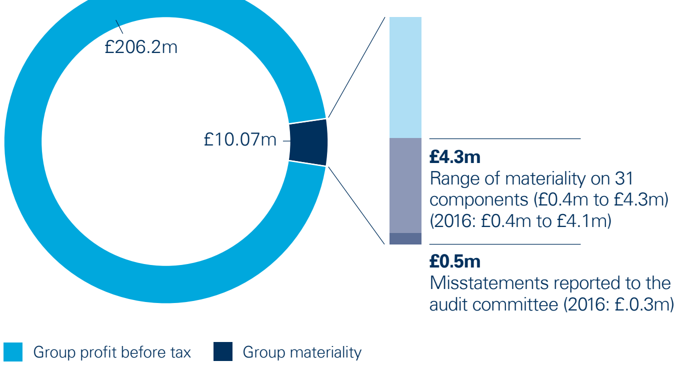
We reported to the Group Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.5 million (2016: £0.3 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 31 reporting components (2016: 35 components), we subjected 6 (2016: 6) to audits for Group reporting purposes. These audits covered 99% (2016: 99%) of total Group revenue; 97% (2016: 97%) of Group profit before taxation; and 97% (2016: 97%) of total Group assets.

The Group audit team set the component materialities, which ranged from £0.4 million to £4.3 million (2016: £0.4 million to £4.1 million), having regard to the mix of size and risk profile of the Group across the components. The work on the components was performed by the Group audit team.

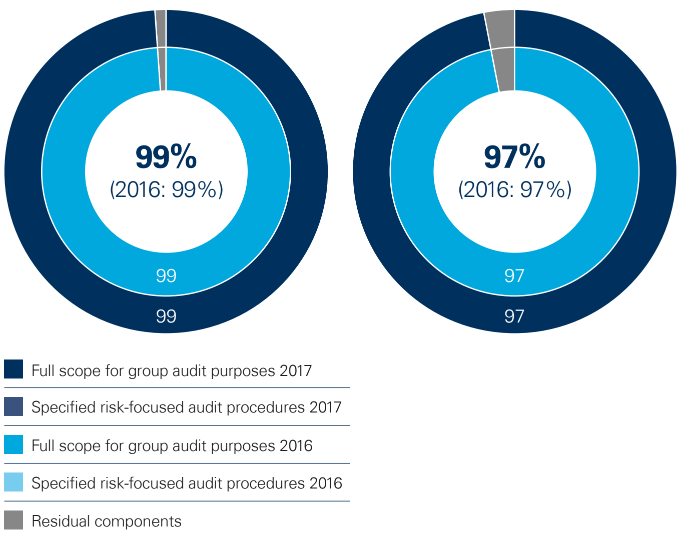
Group profit before tax
£206.2m (2016: £167.5m)

Group materiality
£10.07m (2016: £6.75m)
Whole financial statements materiality



Group revenue

Group profit before tax



4. We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 79 is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

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

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

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

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Remuneration report

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

Disclosures of principal risks and longer-term viability

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

- the Directors' confirmation within their Longer-Term Viability Statement that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the Longer-Term Viability Statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Under the Listing Rules we are required to review the Longer-Term Viability Statement. We have nothing to report in this respect.

Corporate governance disclosures

We are required to report to you if:

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

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

We have nothing to report in these respects.

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

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

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

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 74, 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, other irregularities, 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. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

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

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 2017

Consolidated statement of comprehensive income

For the year ended 30 June 2017

	Notes	2017 £m	2016 £m
Management fees		**226.2**	197.1
Performance fees		**28.3**	10.4
Other revenue		**2.7**	4.1
Total revenue		**257.2**	211.6
Distribution costs		**(4.6)**	(1.2)
Foreign exchange	7	**5.0**	22.1
Net revenue		**257.6**	232.5
Gains/(losses) on investment securities	20	**22.4**	(5.7)
Change in third-party interests in consolidated funds	20	**(12.5)**	3.4
Personnel expenses	9	**(67.8)**	(59.7)
Other expenses	11	**(32.9)**	(32.6)
Operating profit		**166.8**	137.9
Finance income	8	**38.6**	31.7
Finance expense	8	**–**	(0.4)
Profit on disposal of joint ventures and subsidiaries	26, 27	**1.6**	–
Share of losses from associates and joint ventures	27	**(0.8)**	(1.7)
Profit before tax		**206.2**	167.5
Tax expense	12	**(36.7)**	(38.8)
Profit for the year		**169.5**	128.7
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		**(16.7)**	27.5
Fair value reserve (available-for-sale financial assets):			
Net change in fair value		**2.9**	1.1
Net amount transferred to profit or loss		**–**	0.3
Cash flow hedge intrinsic value gains/(losses)		**3.8**	(3.9)
Other comprehensive income, net of tax		**(10.0)**	25.0
Total comprehensive income for the year		**159.5**	153.7
Profit attributable to:			
Equity holders of the parent		**167.6**	127.8
Non-controlling interests		**1.9**	0.9
Profit for the year		**169.5**	128.7
Total comprehensive income attributable to:			
Equity holders of the parent		**157.8**	152.0
Non-controlling interests		**1.7**	1.7
Total comprehensive income for the year		**159.5**	153.7
Earnings per share			
Basic	13	**25.07p**	19.13p
Diluted	13	**23.71p**	18.08p

The notes on pages 93 to 128 form an integral part of these financial statements.

Consolidated balance sheet
As at 30 June 2017

	Notes	2017 £m	2016 £m
Assets			
Non-current assets			
Goodwill and intangible assets	15	**79.9**	82.5
Property, plant and equipment	16	**1.6**	2.2
Investment in associates and joint ventures	27	**2.3**	6.3
Non-current asset investments	20	**22.5**	11.7
Other receivables		**0.1**	0.1
Deferred acquisition costs		**0.6**	0.4
Deferred tax assets	18	**27.4**	19.5
		134.4	122.7
Current assets			
Investment securities	20	**231.2**	143.7
Available-for-sale financial assets	20	**11.3**	8.8
Fair value through profit or loss investments	20	**36.0**	68.2
Trade and other receivables	17	**70.9**	61.2
Derivative financial instruments	21	**0.3**	–
Cash and cash equivalents		**432.5**	364.0
		782.2	645.9
Non-current assets held for sale	20	**7.1**	106.7
Total assets		**923.7**	875.3
Equity and liabilities			
Capital and reserves – attributable to equity holders of the parent			
Issued capital	22	**–**	–
Share premium		**15.7**	15.7
Retained earnings		**703.2**	645.7
Foreign exchange reserve		**4.6**	21.1
Available-for-sale fair value reserve		**1.1**	(1.8)
Cash flow hedging reserve		**(0.2)**	(4.0)
		724.4	676.7
Non-controlling interests		**2.3**	3.3
Total equity		**726.7**	680.0
Liabilities			
Non-current liabilities			
Deferred tax liabilities	18	**9.2**	5.2
		9.2	5.2
Current liabilities			
Current tax		**14.7**	24.8
Third-party interests in consolidated funds	20	**108.9**	75.6
Derivative financial instruments	21	**–**	4.5
Trade and other payables	25	**64.2**	55.4
		187.8	160.3
Non-current liabilities held for sale	20	**–**	29.8
Total liabilities		**197.0**	195.3
Total equity and liabilities		**923.7**	875.3

The notes on pages 93 to 128 form an integral part of these financial statements.

Approved by the Board on 6 September 2017 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 2017

	Attributable to equity holders of the parent								
	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
Balance at 30 June 2015	–	15.7	649.3	(5.6)	(3.2)	(0.1)	656.1	14.0	670.1
Profit for the year	–	–	127.8	–	–	–	127.8	0.9	128.7
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	–	–	–	26.7	–	–	26.7	0.8	27.5
Net fair value gain on available-for-sale assets including tax	–	–	–	–	1.1	–	1.1	–	1.1
Net gains reclassified from available-for-sale reserve to comprehensive income	–	–	–	–	0.3	–	0.3	–	0.3
Cash flow hedge intrinsic value losses	–	–	–	–	–	(3.9)	(3.9)	–	(3.9)
Total comprehensive income/(loss)	–	–	127.8	26.7	1.4	(3.9)	152.0	1.7	153.7
Transactions with owners:									
Purchase of own shares	–	–	(22.2)	–	–	–	(22.2)	–	(22.2)
Acquisition of non-controlling interests	–	–	(5.1)	–	–	–	(5.1)	(1.2)	(6.3)
Sale to non-controlling interests			–	–	–	–	–	0.4	0.4
Share-based payments	–	–	11.9	–	–	–	11.9	(7.4)	4.5
Proceeds received on exercise of vested options	–	–	0.1	–	–	–	0.1	–	0.1
Dividends to equity holders	–	–	(116.1)	–	–	–	(116.1)	–	(116.1)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(4.2)	(4.2)
Total contributions and distributions	–	–	(131.4)	–	–	–	(131.4)	(12.4)	(143.8)
Balance at 30 June 2016	–	15.7	645.7	21.1	(1.8)	(4.0)	676.7	3.3	680.0
Profit for the year	**–**	**–**	**167.6**	**–**	**–**	**–**	**167.6**	**1.9**	**169.5**
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	**–**	**–**	**–**	**(16.5)**	**–**	**–**	**(16.5)**	**(0.2)**	**(16.7)**
Net fair value gain on available-for-sale assets including tax	**–**	**–**	**–**	**–**	**2.9**	**–**	**2.9**	**–**	**2.9**
Cash flow hedge intrinsic value gains	**–**	**–**	**–**	**–**	**–**	**3.8**	**3.8**	**–**	**3.8**
Total comprehensive income/(loss)	**–**	**–**	**167.6**	**(16.5)**	**2.9**	**3.8**	**157.8**	**1.7**	**159.5**
Transactions with owners:									
Purchase of own shares	**–**	**–**	**(11.8)**	**–**	**–**	**–**	**(11.8)**	**–**	**(11.8)**
Acquisition of non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(0.4)**	**(0.4)**
Share-based payments	**–**	**–**	**18.3**	**–**	**–**	**–**	**18.3**	**–**	**18.3**
Dividends to equity holders	**–**	**–**	**(116.6)**	**–**	**–**	**–**	**(116.6)**	**–**	**(116.6)**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.3)**	**(2.3)**
Total contributions and distributions	**–**	**–**	**(110.1)**	**–**	**–**	**–**	**(110.1)**	**(2.7)**	**(112.8)**
Balance at 30 June 2017	**–**	**15.7**	**703.2**	**4.6**	**1.1**	**(0.2)**	**724.4**	**2.3**	**726.7**

The notes on pages 93 to 128 form an integral part of these financial statements.

Consolidated cash flow statement

For the year ended 30 June 2017

	2017 £m	2016 £m
Operating activities		
Operating profit	**166.8**	137.9
Adjustments for non-cash items:		
Depreciation and amortisation	**5.5**	5.1
Accrual for variable compensation	**24.4**	35.6
Unrealised foreign exchange gains	**(8.7)**	(20.4)
Other non-cash items	**(11.0)**	(7.0)
Cash generated from operations before working capital changes	**177.0**	151.2
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**(9.7)**	2.9
Decrease/(increase) in derivative financial instruments	**(4.8)**	4.5
Increase/(decrease) in trade and other payables	**8.8**	(33.4)
Cash generated from operations	**171.3**	125.2
Taxes paid	**(48.0)**	(26.7)
Net cash from operating activities	**123.3**	98.5
Investing activities		
Interest received	**8.8**	6.8
Dividends received	**0.4**	–
Proceeds on disposal of joint ventures and subsidiaries	**4.8**	–
Purchase of non-current asset investments	**(8.8)**	(3.2)
Purchase of financial assets held for sale	**(26.9)**	(42.6)
Purchase of available-for-sale financial assets	**–**	(0.2)
Purchase of fair value through profit or loss investments	**(14.0)**	(1.4)
Purchase of investment securities	**(17.0)**	(55.7)
Sale of non-current asset investments	**0.5**	–
Sale of financial assets held for sale	**47.9**	9.3
Sale of available-for-sale financial assets	**–**	3.3
Sale of fair value through profit or loss investments	**43.2**	22.0
Sale of investment securities	**28.1**	33.5
Net cash from initial consolidation of seed capital investments	**8.1**	1.5
Purchase of property, plant and equipment	**(0.4)**	(0.6)
Net cash generated/(used) in investing activities	**74.7**	(27.3)
Financing activities		
Dividends paid to equity holders	**(116.6)**	(116.1)
Dividends paid to non-controlling interests	**(2.3)**	(4.2)
Third-party subscriptions into consolidated funds	**18.7**	49.1
Third-party redemptions from consolidated funds	**(8.6)**	(11.0)
Distributions paid by consolidated funds	**(3.1)**	(3.5)
Acquisition of interest from non-controlling interests	**(0.4)**	(1.2)
Sale of interest to non-controlling interests	**–**	0.4
Purchase of own shares	**(11.8)**	(22.2)
Net cash used in financing activities	**(124.1)**	(108.7)
Net increase/(decrease) in cash and cash equivalents	**73.9**	(37.5)
Cash and cash equivalents at beginning of year	**364.0**	380.8
Effect of exchange rate changes on cash and cash equivalents	**(5.4)**	20.7
Cash and cash equivalents at end of year	**432.5**	364.0
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**71.1**	52.5
Daily dealing liquidity funds	**216.5**	103.7
Deposits	**144.9**	207.8
	432.5	364.0

The notes on pages 93 to 128 form an integral part of these financial statements.

Company balance sheet

As at 30 June 2017

	Notes	2017 £m	2016 £m
Assets			
Non-current assets			
Goodwill	15	**4.1**	4.1
Property, plant and equipment	16	**0.7**	1.1
Investment in subsidiaries	26	**19.9**	20.0
Deferred acquisition costs		**0.7**	0.4
Deferred tax assets	18	**11.5**	8.2
		36.9	33.8
Current assets			
Trade and other receivables	17	**398.0**	285.4
Cash and cash equivalents		**229.7**	301.4
		627.7	586.8
Total assets		**664.6**	620.6
Equity and liabilities			
Capital and reserves			
Issued capital	22	**–**	–
Share premium		**15.7**	15.7
Retained earnings		**580.3**	554.8
Total equity attributable to equity holders of the Company		**596.0**	570.5
Liabilities			
Current liabilities			
Trade and other payables	25	**68.6**	50.1
		68.6	50.1
Total equity and liabilities		**664.6**	620.6

The notes on pages 93 to 128 form an integral part of these financial statements.

Approved by the Board on 6 September 2017 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 2017

	Issued capital £m	Share premium £m	Retained earnings £m	Total equity attributable to equity holders of the parent £m
Balance at 30 June 2015	–	15.7	547.0	562.7
Profit for the year	–	–	125.1	125.1
Purchase of own shares	–	–	(22.2)	(22.2)
Share-based payments	–	–	21.0	21.0
Dividends to equity holders	–	–	(116.1)	(116.1)
Balance at 30 June 2016	–	15.7	554.8	570.5
Profit for the year	**–**	**–**	**140.5**	**140.5**
Purchase of own shares	**–**	**–**	**(11.8)**	**(11.8)**
Share-based payments	**–**	**–**	**13.4**	**13.4**
Dividends to equity holders	**–**	**–**	**(116.6)**	**(116.6)**
Balance at 30 June 2017	**–**	**15.7**	**580.3**	**596.0**

The notes on pages 93 to 128 form an integral part of these financial statements.

Company cash flow statement

For the year ended 30 June 2017

	2017 £m	2016 £m
Operating activities		
Operating profit	**145.0**	137.6
Adjustments for:		
Depreciation and amortisation	**0.5**	0.7
Accrual for variable compensation	**15.4**	27.1
Unrealised foreign exchange gains	**(5.9)**	(46.2)
Dividends received from subsidiaries	**(99.2)**	(89.6)
Cash generated from operations before working capital changes	**55.8**	29.6
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**(36.0)**	49.8
Increase/(decrease) in trade and other payables	**18.5**	12.2
Cash generated from operations	**38.3**	91.6
Taxes paid	**(8.8)**	(4.3)
Net cash from operating activities	**29.5**	87.3
Investing activities		
Interest received	**1.7**	0.8
Loans repaid by/(advanced to) subsidiaries	**(76.6)**	16.6
Dividends received from subsidiaries	**92.3**	189.6
Purchase of property, plant and equipment	**(0.1)**	(0.6)
Net cash from investing activities	**17.3**	206.4
Financing activities		
Dividends paid	**(116.6)**	(116.1)
Purchase of own shares	**(11.8)**	(22.2)
Net cash used in financing activities	**(128.4)**	(138.3)
Net increase/(decrease) in cash and cash equivalents	**(81.6)**	155.4
Cash and cash equivalents at beginning of year	**301.4**	114.5
Effect of exchange rate changes on cash and cash equivalents	**9.9**	31.5
Cash and cash equivalents at end of year	**229.7**	301.4
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**19.3**	9.4
Daily dealing liquidity funds	**80.4**	93.0
Deposits	**130.0**	199.0
	229.7	301.4

The notes on pages 93 to 128 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 2017 were authorised for issue by the Board of Directors on 6 September 2017. The principal activity of the Group is described in the Directors' report on page 75.

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 2017 and applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of certain financial assets that are available-for-sale or classified as at fair value through profit or loss.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 that allows it not to present its individual statement of comprehensive income and related notes.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further information about key assumptions and other key sources of estimation and areas of judgement are set out in note 32.

3) New standards and interpretations not yet adopted

At the date of authorisation of these consolidated financial statements, the following standards and interpretations relevant to the Group's operations were issued by the International Accounting Standards Board (IASB) but are not yet mandatory:

- IFRS 9 *Financial Instruments* effective for annual periods beginning on or after 1 January 2018
- IFRS 15 *Revenue from Contracts with Customers* effective for annual periods beginning on or after 1 January 2018
- IFRS 16 *Leases* effective for annual periods beginning on or after 1 January 2019, subject to EU endorsement

The Group completed an assessment of the impact of the new standards on its financial statements during the year. Overall, the Group does not expect the implementation of these standards to have a material impact on its results, net assets or regulatory capital requirements. However, the Group expects to update the relevant accounting policies when these standards come into force, as well as making necessary presentational changes on the face of the consolidated statement of comprehensive income and consolidated balance sheet.

- IFRS 9 *Financial Instruments* has been endorsed by the EU and replaces the classification and measurement models for financial instruments in IAS 39 *Financial Instruments: Recognition and Measurement* with three classification categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income. Under IFRS 9, the Group's business model and the contractual cash flows arising from its investments in financial instruments determine the appropriate classification. All equity investments within the scope of IFRS 9 are measured at fair value, with gains or losses reported either in the statement of comprehensive income or, by election, through other comprehensive income. The impact will be on classification and presentation of the Group's seed capital investments, with limited changes in measurement basis for available-for sale financial assets that will be measured at fair value through profit or loss.

  In addition, IFRS 9 introduces an expected loss model for the assessment of impairment. The current incurred loss model under IAS 39 requires the Group to recognise impairment losses when there is objective evidence that an asset is impaired. The new impairment model in IFRS 9 is based on the premise of providing for expected losses, even in the absence of a default event. The Group does not anticipate the impact of the expected losses to be material as a result of the nature of assets held and the low level of historical defaults.
- IFRS 15 *Revenue from Contracts with Customers* has been endorsed by the EU and deals with revenue recognition. The standard provides a single, principles-based five-step model to be applied to all contracts with customers to recognise revenue in a manner that depicts the pattern of transfer of services to the customer. IFRS 15 replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts* and related interpretations. The standard provides guidance on topics such as the point at which revenue is recognised, accounting for variable consideration such as performance-based incentive fees, and costs related to obtaining and fulfilling investment management contracts. The Group has assessed that IFRS 15 will not have a material impact on its results or a material change to the estimation of management fee or performance fees revenue; however, additional note disclosure will be required to update the Group's revenue recognition policy when the standard is adopted.
- IFRS 16 *Leases* was issued on 13 January 2016 and replaces IAS 17 *Leases*. IFRS 16 requires all operating leases in excess of one year, where the Group is the lessee, to be included on the Group's statement of financial position, and recognised as a right-of-use (ROU) asset and a related lease liability representing the obligation to make lease payments. The ROU asset will be amortised on a straight-line basis with the lease liability being amortised using the effective interest method. Optional exemptions are available under IFRS 16 for short-term leases (lease term of less than 12 months) and for small-value leases. Based on the preliminary assessment, the Group expects its existing operating lease arrangements as a lessee (refer to note 30) to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis amount to approximately 1% of the consolidated total assets and 7% of consolidated total liabilities. The Group will complete a detailed impact analysis closer to the adoption of IFRS 16.

No other standards or interpretations issued and not yet effective are expected to have an impact on the Group's consolidated financial statements.

4) Significant accounting policies

The following principal accounting policies have been applied consistently where applicable to all years presented in dealing with items considered material in relation to the Group and Company financial statements, unless otherwise stated.

4) Significant accounting policies continued

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 2017.

A change in the ownership interest of a consolidated entity that does not result in a loss of control by the Group is accounted for as an equity transaction. If the Group loses control over a consolidated entity, it derecognises the related assets, goodwill, liabilities, non-controlling interest and other components of equity, and any gain or loss is recognised in consolidated comprehensive income. Any investment retained is recognised at its fair value at the date of loss of control.

Interests in associates and joint arrangements

Associates are partly owned entities over which the Group has significant influence but no control. Joint ventures are entities through which the Group and other parties undertake an economic activity which is subject to joint control.

Investments in associates and interests in joint ventures are measured using the equity method of accounting. Under this method, the investments are initially recognised at cost, including attributable goodwill, and are adjusted thereafter for the post-acquisition changes in the Group's share of net assets. The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income.

Where the Group's financial year is not coterminous with those of its associates or joint ventures, unaudited interim financial information is used after appropriate adjustments have been made.

Interests in consolidated structured entities

The Group acts as fund manager to investment funds that are considered to be structured entities. Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding which party has control: for example, when any voting rights relate to administrative tasks only and the relevant activities of the entity are directed by means of contractual arrangements. The Group's assets under management are managed within structured entities. These structured entities typically consist of unitised vehicles such as Sociétés d'Investissement à Capital Variable (SICAVs), limited partnerships, unit trusts and open-ended and closed-ended vehicles which entitle third-party investors to a percentage of the vehicle's net asset value.

The Group has interests in structured entities as a result of the management of assets on behalf of its clients. Where the Group holds a direct interest in a closed-ended fund, private equity fund or open-ended pooled fund such as a SICAV, the interest is accounted for either as a consolidated structured entity or as a financial asset, depending on whether the Group has control over the fund or not.

Control is determined in accordance with IFRS 10, based on an assessment of the level of power and aggregate economic interest that the Group has over the fund, relative to third-party investors. Power is normally conveyed to the Group through the existence of an investment management agreement and/or other contractual arrangements. Aggregate economic interest is a measure of the Group's exposure to variable returns in the fund through a combination of direct interest, carried interest, expected management fees, fair value gains or losses, and distributions receivable from the fund.

The Group concludes that it acts as a principal when the power it has over the fund is deemed to be exercised for self-benefit, considering the level of aggregate economic exposure in the fund and the assessed strength of third-party investors' kick-out rights. The Group concludes that it acts as an agent when the power it has over the fund is deemed to be exercised for the benefit of third-party investors.

The Group concludes that it has control and, therefore, will consolidate a fund as if it were a subsidiary where the Group acts as a principal. If the Group concludes that it does not have control over the fund, the Group accounts for its interest in the fund as a financial asset.

Interests in unconsolidated structured entities

The Group classifies the following investment funds as unconsolidated structured entities:

- Segregated mandates and pooled funds managed where the Group does not hold any direct interest. In this case, the Group considers that its aggregate economic exposure is insignificant and, in relation to segregated mandates, the third-party investor has the practical ability to remove the Group from acting as fund manager, without cause. As a result, the Group concludes that it acts as an agent for third-party investors.
- Pooled funds managed by the Group where the Group holds a direct interest, for example seed capital investments, and the Group's aggregate economic exposure in the fund relative to third-party investors is less than 20% (i.e. the threshold established by the Group for determining agent versus principal classification). As a result, the Group concludes that it is an agent for third-party investors and, therefore, will account for its beneficial interest in the fund as a financial asset.

The disclosure of the AuM in respect of consolidated and unconsolidated structured entities is provided in note 28.

Foreign currency

The Group's financial statements are presented in Pounds Sterling (Sterling), which is also the Company's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the functional currency, which is the currency that prevails in the primary economic environment in which the entity operates.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in comprehensive income. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- available-for-sale equity instruments; and
- qualifying cash flow hedges to the extent that the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Sterling at the spot exchange rates at the balance sheet date. The revenues and expenses of foreign operations are translated into Sterling at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to comprehensive income as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency differences arising on the item form part of the net investment in the foreign operation and are recognised in other comprehensive income, and accumulated in the foreign currency translation reserve within equity.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The consideration transferred for the acquisition is generally measured at the acquisition date fair value, as are the identifiable net assets acquired, liabilities incurred (including any asset or liability resulting from a contingent consideration arrangement) and equity instruments issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequently, changes to the fair value of the contingent consideration that is deemed to be a liability will be recognised in accordance with IAS 39 in comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured and settlement is accounted for within equity.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

Goodwill

The cost of a business combination in excess of the fair value of net identifiable assets or liabilities acquired, including intangible assets identified, is recognised as goodwill and stated at cost less any accumulated impairment losses. Goodwill has an indefinite useful life, is not subject to amortisation and is tested annually for impairment or when there is an indication of impairment.

Intangible assets

The cost of intangible assets, such as management contracts and brand names, acquired as part of a business combination is their fair value as at the date of acquisition. The fair value at the date of acquisition is calculated using the discounted cash flow methodology and represents the valuation of the profits expected to be earned from the management contracts and brand name in place at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Intangible assets are amortised, if appropriate, over their useful lives, which have been assessed as being eight years.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes to the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives, assessed to be five years for office equipment and four years for IT equipment. The residual values and useful lives of assets are reviewed at least annually.

4) Significant accounting policies continued

Deferred acquisition costs

Costs that are directly attributable to securing an investment management contract are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. Deferred acquisition costs represent the contractual right to benefit from providing investment management services and are charged as the related revenue is recognised.

Financial instruments

Recognition and initial measurement

Financial instruments are recognised when the Group becomes party to the contractual provisions of an instrument, initially at fair value plus transaction costs except for financial assets classified at fair value through profit or loss. Purchases or sales of financial assets are recognised on the trade date, being the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or been transferred or when the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability has been discharged, cancelled or expires.

Subsequent measurement

The subsequent measurement of financial instruments depends on their classification in accordance with IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Financial assets

The Group classifies its financial assets into the following categories: financial assets held for sale, investment securities designated as fair value through profit or loss (FVTPL), fair value through profit or loss investments, available-for-sale financial assets and non-current financial assets held for sale.

The Group may, from time to time, invest seed capital in funds where a subsidiary is the investment manager or an adviser. Where the holding in such investments is deemed to represent a controlling stake and is acquired exclusively with a view to subsequent disposal through sale or dilution, these seed capital investments are recognised as non-current financial assets held for sale in accordance with IFRS 5. The Group recognises 100% of the investment in the fund as a 'held for sale' asset and the interest held by other parties as a 'liability held for sale'. Where control is not deemed to exist, and the assets are readily realisable, they are recognised as financial assets at fair value through profit or loss in accordance with IAS 39. Where the assets are not readily realisable, they are recognised as non-current asset investments. If a seed capital investment remains under the control of the Group for more than one year from the original investment date, the underlying fund is consolidated line-by-line.

Investment securities designated as FVTPL

Investment securities represent securities, other than derivatives, held by consolidated funds. These securities are designated as FVTPL and are measured at fair value with gains and losses recognised through the consolidated statement of comprehensive income.

Non-current financial assets held for sale (HFS)

Non-current financial assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell except where measurement and remeasurement is outside the scope of IFRS 5. Where investments that have initially been recognised as non-current financial assets held for sale, because the Group has been deemed to hold a controlling stake, are subsequently disposed of or diluted such that the Group's holding is no longer deemed a controlling stake, the investment will subsequently be classified as fair value through profit or loss investments in accordance with IAS 39. Subsequent movements will be recognised in accordance with the Group's accounting policy for the newly adopted classification.

Available-for-sale financial assets

Available-for-sale financial assets (AFS) include readily realisable interests in seeded funds that are either allocated specifically to this category or cannot be assigned to any other category. They are carried at fair value and changes in fair value are recognised in other comprehensive income, until the asset is disposed of or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in profit for the year as part of comprehensive income. Dividend income and impairment losses are recognised in the consolidated statement of comprehensive income.

Financial assets designated as FVTPL

Financial assets designated as FVTPL include certain readily realisable interests in seeded funds, non-current asset investments and derivatives. The Group designates financial assets as FVTPL when:

- the financial assets are managed, evaluated and reported internally on a fair value basis; and
- the classification at fair value eliminates or significantly reduces an accounting mismatch which would otherwise arise.

From the date the financial asset is designated as FVTPL, all subsequent changes in fair value, foreign exchange differences, interest and dividends are reflected in the consolidated statement of comprehensive income and presented in finance income or expense.

(i) FVTPL investments

The Group classifies new readily realisable interests in seeded funds as FVTPL investments with fair value changes being directly recognised through the consolidated statement of comprehensive income. Fair value is measured based on the proportionate net asset value in the fund.

(ii) Non-current asset investments

Non-current asset investments include closed-end funds that are designated as FVTPL. They are held at fair value with changes in fair value being recognised through the consolidated statement of comprehensive income.

(iii) Derivatives

Derivatives include foreign exchange forward contracts and options used by the Group to manage its foreign currency exposures and those held in consolidated funds. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Transaction costs are recognised immediately in the statement of comprehensive income. All derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly in comprehensive income, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Trade and other receivables

Trade and other receivables are initially recorded at fair value plus transaction costs. The fair value on acquisition is normally the cost. Impairment losses with respect to the estimated irrecoverable amount are recognised through the statement of comprehensive income when there is appropriate evidence that trade and other receivables are impaired. The resulting adjustment is recognised as interest expense or interest income. Subsequent to initial recognition these assets are measured at amortised cost less any impairment.

Cash and cash equivalents

Cash represents cash at bank and in hand, and cash equivalents comprise short-term deposits and investments in money market instruments with an original maturity of three months or less.

Financial liabilities

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

Non-current financial liabilities held for sale

Non-current financial liabilities represent interests held by other parties in funds in which the Group recognises 100% of the investment in the fund as a held for sale financial asset. These liabilities are carried at fair value with gains or losses recognised in the statement of comprehensive income within finance income or expense.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include derivative financial instruments and third-party interests in consolidated funds. They are carried at fair value with gains or losses recognised in the consolidated statement of comprehensive income within finance income or expense.

Other financial liabilities

Other financial liabilities including trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the 'exit price') in an orderly transaction between market participants at the measurement date. In determining fair value, the Group uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that maximises the use of relevant observable inputs and minimises the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Group.

Unobservable inputs are inputs that reflect the Group's assumptions about the assumptions other market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

Securities listed on a recognised stock exchange or dealt on any other regulated market that operates regularly, is recognised and open to the public are valued at the last known available closing bid price. If a security is traded on several actively traded and organised financial markets, the valuation is made on the basis of the last known bid price on the main market on which the securities are traded. In the case of securities for which trading on an actively traded and organised financial market is not significant, but which are bought and sold on a secondary market with regulated trading among security dealers (with the effect that the price is set on a market basis), the valuation may be based on this secondary market.

Where instruments are not listed on any stock exchange or not traded on any regulated markets, valuation techniques are used by valuation specialists. These techniques include the market approach, the income approach or the cost approach for which sufficient and reliable data is available. The use of the market approach generally consists of using comparable market transactions or using techniques based on market observable inputs, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as deemed appropriate for liquidity, credit, market and/or other risk factors.

Investments in open-ended funds are valued on the basis of the last available net asset value of the units or shares of such funds.

The fair value of the derivatives is their quoted market price at the balance sheet date.

Hedge accounting

The Group applies cash flow hedge accounting when the transactions meet the specified hedge accounting criteria. To qualify, the following conditions must be met:

- formal documentation of the relationship between the hedging instrument(s) and hedged item(s) must exist at inception
- the hedged cash flows must be highly probable and must present an exposure to variations in cash flows that could ultimately affect comprehensive income
- the effectiveness of the hedge can be reliably measured
- the hedge must be highly effective, with effectiveness assessed on an ongoing basis.

For qualifying cash flow hedges, the change in fair value of the effective hedging instrument is initially recognised in other comprehensive income and is released to comprehensive income in the same period during which the relevant financial asset or liability affects the Group's results.

Where the hedge is highly effective overall, any ineffective portion of the hedge is immediately recognised in comprehensive income. Where the instrument ceases to be highly effective as a hedge, or is sold, terminated or exercised, hedge accounting is discontinued.

Derecognition of financial assets and liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset. The Group derecognises a financial liability when the Group's obligations are discharged, cancelled or they expire.

Impairment of financial assets

General

At each reporting date, the carrying amounts of the Group's assets are reviewed to assess whether there is any objective evidence of impairment in the value of financial assets classified as either available-for-sale or as trade and other receivables. Impairment losses are recognised if an event has occurred that will have an adverse impact on the expected future cash flows of an asset and the expected impact can be reliably estimated. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

4) Significant accounting policies continued

Impairment of financial assets continued

The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the Group's weighted average cost of capital. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses on available-for-sale financial assets are measured as the difference between cost and the current fair value. Where there is evidence that the available-for-sale financial asset is impaired, the cumulative loss that had been previously recognised in other comprehensive income is reclassified from the available-for-sale fair value reserve and recognised in the consolidated statement of comprehensive income.

Impairment losses in respect of assets other than goodwill are measured as the difference between the carrying amount of the financial asset and the present value of estimated cash flows discounted at the asset's original effective interest rate. Such impairment losses are recognised in the consolidated statement of other comprehensive income and are recognised against the carrying amount of the impaired asset on the consolidated statement of financial position. Interest on the impaired asset continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

Subsequent increases in fair value of previously impaired available-for-sale financial assets are reported as fair value gains in the available-for-sale fair value reserve through other comprehensive income and not separately identified as an impairment reversal.

For all other assets other than goodwill, if in a subsequent year the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, but is limited to the extent that the value of the asset may not exceed the original carrying amount that would have been determined, net of depreciation or amortisation, had no impairment occurred.

Goodwill

Goodwill is tested for impairment annually or whenever there is an indication that the carrying amount may not be recoverable based on management's judgements regarding the future prospects of the business, estimates of future cash flows and discount rates. When assessing the appropriateness of the carrying value of goodwill at year end, the recoverable amount is considered to be the greater of fair value less costs to sell or value in use. The pre-tax discount rate applied is based on the Group's weighted average cost of capital after making allowances for any specific risks.

The business of the Group is managed as a single unit, with asset allocations, research and other such operational practices reflecting the commonality of approach across all fund themes. Therefore, for the purpose of testing goodwill for impairment, the Group is considered to have one cash-generating unit to which all goodwill is allocated and, as a result, no further split of goodwill into smaller cash-generating units is possible and the impairment review is conducted for the Group as a whole.

An impairment loss in respect of goodwill is not reversed.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of investment management services, and includes management fees, performance fees and other revenue. Revenue is recognised in the statement of comprehensive income as and when the related services are provided. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Net revenue is total revenue less distribution costs and including foreign exchange.

Specific revenue recognition policies are:

Management fees

Management fees are presented net of rebates, and are calculated as a percentage of net fund assets managed in accordance with individual management agreements. Management fees are accrued over the period for which the service is provided. Where management fees are received in advance, they are recognised over the period of the provision of the asset management service.

Performance fees

Performance fees are presented net of rebates, and are calculated as a percentage of the appreciation in the net asset value of a fund above a defined hurdle. Performance fees are recognised when the quantum of the fee can be estimated reliably and it is probable that the fee will crystallise. This is usually at the end of the performance period or upon early redemption by a client.

Other revenue

Other revenue includes transaction, structuring and administration fees, and reimbursement by funds of costs incurred by the Group. This revenue is recognised when the related services are provided.

Distribution costs

Distribution costs are cost of sales payable to third-parties and are recognised over the period for which the service is provided.

Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income when payable in accordance with the scheme particulars.

Share-based payments

The Group issues share awards to its employees under share-based compensation plans.

For equity-settled awards, the fair value of the amounts payable to employees is recognised as an expense with a corresponding increase in equity over the vesting period after adjusting for the estimated number of shares that are expected to vest. The fair value is measured at the grant date using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted. At each balance sheet date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is calculated. The movement in cumulative expense is recognised in the statement of comprehensive income with a corresponding entry within equity.

For cash-settled awards, the fair value of the amounts payable to employees is recognised as an expense with a corresponding liability on the Group's balance sheet. The fair value is measured using an appropriate valuation model, taking into account the estimated number of awards that are expected to vest and the terms and conditions upon which the instruments were granted. During the vesting period, the liability recognised represents the portion of the vesting period that has expired at the balance sheet date multiplied by the fair value of the awards at that date. Movements in the liability are recognised in the statement of comprehensive income.

Operating leases

Payments due under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised on a straight-line basis over the lease term and are recorded as a reduction in premises costs.

Finance income and expense

Finance income includes interest receivable on the Group's cash and cash equivalents, realised gains on available-for-sale financial assets and both realised and unrealised gains on held for sale assets and investments measured at FVTPL.

Finance expense includes realised losses on available-for-sale financial assets and both realised and unrealised losses on held for sale assets and investments measured at FVTPL.

Taxation

Tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the balance sheet date in the countries where the Group operates. Current tax also includes withholding tax arising from dividends.

Deferred tax

Deferred tax is recognised using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following differences are not provided for:

- goodwill not deductible for tax purposes and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the balance sheet date.

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 location of the Group's non-current assets at year end other than financial instruments, deferred tax assets and post-employment benefit assets is shown in the table below. Disclosures relating to revenue are in note 6.

Analysis of non-current assets by geography

	2017 £m	2016 £m
United Kingdom	**7.8**	12.1
United States	**76.1**	78.8
Other	**0.5**	0.5
Total non-current assets	**84.4**	91.4

6) Revenue

Management fees are accrued throughout the year in line with prevailing levels of assets under management and performance fees are recognised when they can be estimated reliably and it is probable that they will crystallise. The Group is not considered to be reliant on any single source of revenue. During the year, none of the Group's funds (FY2015/16: 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

	2017 £m	2016 £m
United Kingdom	**232.8**	194.0
United States	**8.7**	9.2
Other	**15.7**	8.4
Total revenue	**257.2**	211.6

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 2017**	Closing rate as at 30 June 2016	**Average rate year ended 30 June 2017**	Average rate year ended 30 June 2016
US dollar	**1.2946**	1.3234	**1.2766**	1.4759
Euro	**1.1426**	1.1970	**1.1671**	1.3359
Indonesian rupiah	**17,340**	17,482	**16,918**	20,172
Colombian peso	**3,965**	3,866	**3,788**	4,456

Foreign exchange gains and losses are shown below.

	2017 £m	2016 £m
Net realised and unrealised hedging gains/(losses)	**(2.8)**	1.1
Translation gains/(losses) on non-Sterling denominated monetary assets and liabilities	**7.8**	21.0
Total foreign exchange gains/(losses)	**5.0**	22.1

8) Finance income and expense

	2017 £m	2016 £m
Finance income		
Interest income	**10.4**	6.7
Net realised gains on seed capital investments measured at fair value	**20.8**	1.4
Net unrealised gains on seed capital investments measured at fair value	**7.4**	23.4
Total finance income	**38.6**	31.5
Finance expense		
Net realised losses on disposal of available-for-sale financial assets	**–**	(0.2)
Total finance expense	**–**	(0.2)
Net finance income	**38.6**	31.3

9) Personnel expenses

Personnel expenses during the year comprised the following:

	2017 £m	2016 £m
Wages and salaries	**19.6**	19.1
Performance-related cash bonuses	**18.5**	24.9
Share-based payments	**24.4**	10.7
Social security costs	**1.8**	1.8
Pension costs	**1.6**	1.6
Other costs	**1.9**	1.6
Total personnel expenses	**67.8**	59.7

Number of employees

The number of employees of the Group (including Executive Directors) during the reporting year was as follows:

	Average for the year ended 30 June 2017 Number	Average for the year ended 30 June 2016 Number	At 30 June 2017 Number	At 30 June 2016 Number
Total employees	**256**	277	**252**	266

Directors' remuneration

Disclosures of Directors' remuneration during the year as required by the Companies Act 2006 are included in the Remuneration report on pages 56 to 73.

There are retirement benefits accruing to two Executive Directors under a defined contribution scheme (FY2015/16: 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	2017 £m	2016 £m
Omnibus Plan	**24.2**	25.8
Ashmore Equities Investment Management (US) L.L.C (AEIM) operating agreement	**–**	0.1
Phantom Bonus Plan	**0.2**	0.2
Total related to compensation awards	**24.4**	26.1
Related to acquisition of AEIM	**–**	(15.4)
Total share-based payments expense	**24.4**	10.7

The total expense recognised for the year in respect of equity-settled share-based payment awards was £21.3 million (FY2015/16: £10.5 million).

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10) Share-based payments continued

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	**2017 £m**	2016 £m
2011	**–**	2.8
2012	**2.6**	2.8
2013	**3.7**	3.8
2014	**2.3**	2.4
2015	**3.5**	3.0
2016	**3.4**	8.3
2017	**6.0**	–
Total omnibus share-based payments expense reported in comprehensive income	**21.5**	23.1

Awards outstanding under the Omnibus Plan were as follows:

i) Equity-settled awards

Group and Company	**2017 Number of shares subject to awards**	**2017 Weighted average share price**	2016 Number of shares subject to awards	2016 Weighted average share price
Restricted share awards				
At the beginning of the year	**22,929,174**	**£3.18**	20,524,634	£3.46
Granted	**4,378,988**	**£3.40**	7,366,910	£2.43
Vested	**(3,426,172)**	**£3.87**	(3,058,877)	£3.19
Forfeited	**(1,843,890)**	**£3.32**	(1,903,493)	£3.21
Awards outstanding at year end	**22,038,100**	**£3.14**	22,929,174	£3.18
Bonus share awards				
At the beginning of the year	**8,438,295**	**£3.15**	7,404,574	£3.43
Granted	**1,569,761**	**£3.39**	2,527,672	£2.43
Vested	**(1,739,720)**	**£3.86**	(1,493,951)	£3.18
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**8,268,336**	**£3.10**	8,438,295	£3.15
Matching share awards				
At the beginning of the year	**8,438,295**	**£3.18**	7,404,574	£3.43
Granted	**1,574,860**	**£3.39**	2,527,672	£2.43
Vested	**(1,116,079)**	**£3.92**	(1,401,866)	£3.17
Forfeited	**(623,641)**	**£3.75**	(92,085)	£3.32
Awards outstanding at year end	**8,273,435**	**£3.14**	8,438,295	£3.18
Total	**38,579,871**	**£3.18**	39,805,764	£3.18

ii) Cash-settled awards

Group and Company	2017 Number of shares subject to awards	2017 Weighted average share price	2016 Number of shares subject to awards	2016 Weighted average share price
Restricted share awards				
At the beginning of the year	**269,754**	**£3.72**	582,848	£3.48
Granted	**27,700**	**£3.40**	38,504	£2.43
Vested	**–**	**–**	(45,325)	£3.50
Forfeited	**(162,470)**	**£3.94**	(306,273)	£3.14
Awards outstanding at year end	**134,984**	**£3.72**	269,754	£3.72
Bonus share awards				
At the beginning of the year	**190,576**	**£3.78**	382,985	£3.49
Granted	**11,530**	**£3.40**	6,179	£2.43
Vested	**(121,852)**	**£3.94**	(198,588)	£3.17
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**80,254**	**£3.78**	190,576	£3.78
Matching share awards				
At the beginning of the year	**190,576**	**£3.78**	382,985	£3.49
Granted	**11,530**	**£3.40**	6,179	£2.43
Vested	**–**	**–**	–	–
Forfeited	**(121,852)**	**£3.94**	(198,588)	£3.17
Awards outstanding at year end	**80,254**	**£3.78**	190,576	£3.78
Total	**295,492**	**£3.75**	650,906	£3.75

10) Share-based payments continued

iii) Total awards

Group and Company	2017 Number of shares subject to awards	2017 Weighted average share price	2016 Number of shares subject to awards	2016 Weighted average share price
Restricted share awards				
At the beginning of the year	**23,198,928**	**£3.19**	21,107,482	£3.46
Granted	**4,406,688**	**£3.40**	7,405,414	£2.43
Vested	**(3,426,172)**	**£3.87**	(3,104,202)	£3.20
Forfeited	**(2,006,360)**	**£3.37**	(2,209,766)	£3.20
Awards outstanding at year end	**22,173,084**	**£3.14**	23,198,928	£3.19
Bonus share awards				
At the beginning of the year	**8,628,871**	**£3.17**	7,787,559	£3.43
Granted	**1,581,291**	**£3.39**	2,533,851	£2.43
Vested	**(1,861,572)**	**£3.87**	(1,692,539)	£3.18
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**8,348,590**	**£3.11**	8,628,871	£3.17
Matching share awards				
At the beginning of the year	**8,628,871**	**£3.20**	7,787,559	£3.43
Granted	**1,586,390**	**£3.39**	2,533,851	£2.43
Vested	**(1,116,079)**	**£3.92**	(1,401,866)	£3.17
Forfeited	**(745,493)**	**£3.78**	(290,673)	£3.22
Awards outstanding at year end	**8,353,689**	**£3.14**	8,628,871	£3.20
Total	**38,875,363**	**£3.13**	40,456,670	£3.19

The weighted average share price of awards granted to employees under the Omnibus Plan during the year was £3.40 (FY2015/16: £2.43), as determined by the average Ashmore Group plc closing share price for the five business days prior to grant. For Executive Directors, the fair value of awards also takes into account the performance conditions set out in the Remuneration report.

Where the grant of restricted and matching share awards is linked to the annual bonus process, the fair value of the awards is spread over a period including the current financial year and the subsequent five years to their vesting date when the grantee becomes unconditionally entitled to the underlying shares. The fair value of the remaining awards is spread over the period from the date of grant to the vesting date.

The liability arising from cash-settled awards under the Omnibus Plan at the end of the year and reported within trade and other payables on the consolidated balance sheet is £0.4 million (30 June 2016: £0.6 million) of which £nil (30 June 2016: £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.

Other arrangements

AEIM operating agreement

All remaining unvested units granted under the terms of AEIM's operating agreement were forfeited during the year. There were no outstanding units as at 30 June 2017.

11) Other expenses

Other expenses consist of the following:

	2017 £m	2016 £m
Travel	**2.2**	3.6
Professional fees	**4.9**	4.6
Information technology and communications	**5.2**	5.4
Amortisation of intangible assets (note 15)	**4.5**	3.9
Operating leases	**3.5**	3.3
Premises-related costs	**1.2**	1.2
Insurance	**1.0**	1.1
Auditor's remuneration (see below)	**0.6**	0.8
Depreciation of property, plant and equipment (note 16)	**1.0**	1.2
Consolidated funds (note 20)	**4.9**	2.4
Other expenses	**3.9**	5.1
	32.9	32.6

Auditor's remuneration

	2017 £m	2016 £m
Fees for statutory audit services:		
– Fees payable to the Company's auditor for the audit of the Group's accounts	**0.2**	0.2
– Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	**0.2**	0.2
Fees for non-audit services:		
– Fees payable to the Company's auditor and its associates for tax services	**–**	0.2
– Fees payable to the Company's auditor and its associates for other services	**0.2**	0.2
	0.6	0.8

12) Taxation

Analysis of tax charge for the year:

	2017 £m	2016 £m
Current tax		
UK corporation tax on profits for the year	**31.3**	31.4
Overseas corporation tax charge	**7.9**	4.8
Adjustments in respect of prior years	**1.5**	0.7
	40.7	36.9
Deferred tax		
Origination and reversal of temporary differences (see note 18)	**(3.2)**	1.0
Effect on deferred tax balance of changes in corporation tax rates	**(0.8)**	0.9
Tax expense	**36.7**	38.8

Factors affecting tax charge for the year

	2017 £m	2016 £m
Profit before tax	**206.2**	167.5
Profit on ordinary activities multiplied by the blended UK tax rate of 19.75% (FY2015/16: 20.00%)	**40.7**	33.5
Effects of:		
Non-deductible expenses	**0.2**	4.7
Deduction in respect of vested shares/exercised options (Part 12, Corporation Tax Act 2009)	**(2.8)**	(2.8)
Different rate of taxes on overseas profits	**1.4**	1.5
Non-taxable income	**(4.1)**	–
Tax relief on amortisation and impairment of goodwill and intangibles	**–**	(1.2)
Effect on deferred tax balance of changes in corporation tax rates	**(0.8)**	0.9
Other items	**0.5**	1.5
Adjustments in respect of prior years	**1.6**	0.7
Tax expense	**36.7**	38.8

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 equity/other comprehensive income is as follows:

	2017 £m	2016 £m
Current tax on foreign exchange gains	**0.1**	0.9
Deferred tax on seed capital investments	**–**	1.0
Tax expense recognised in equity/other comprehensive income	**0.1**	1.9

A reduction to the main rate of UK corporation tax from 20% was enacted in the Finance Act 2013 and became effective from 1 April 2015. 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 2017.

13) Earnings per share

Basic earnings per share at 30 June 2017 of 25.07 pence (30 June 2016: 19.13 pence) is calculated by dividing the profit after tax for the financial period attributable to equity holders of the parent of £167.6 million (FY2015/16: £127.8 million) by the weighted average number of ordinary shares in issue during the period, excluding own shares.

Diluted earnings per share is calculated based on basic earnings per share adjusted for all dilutive potential ordinary shares. There is no difference between the profit for the year attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

Reconciliation of the weighted average number of shares used in calculating basic and diluted earnings per share is shown below.

	2017 Number of ordinary shares	2016 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**668,488,046**	667,777,465
Effect of dilutive potential ordinary shares – share awards	**38,451,642**	38,958,842
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**706,939,688**	706,736,307

14) Dividends

Dividends paid in the year

Company	**2017 £m**	2016 £m
Final dividend for FY2015/16 – 12.10p (FY2014/15: 12.10p)	**84.9**	84.5
Interim dividend for FY2016/17 – 4.55p (FY2015/16: 4.55p)	**31.7**	31.6
	116.6	116.1

In addition, the Group paid £2.3 million (FY2015/16: £4.2 million) of dividends to non-controlling interests.

Dividends declared/proposed in respect of the year

Company	**2017 pence**	2016 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 2017, the Board proposed a final dividend of 12.10 pence per share for the year ended 30 June 2017. 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 £84.6 million.

15) Goodwill and intangible assets

Group	Goodwill £m	Fund management relationships £m	Total £m
Cost – (at original exchange rate)			
At 30 June 2015, 30 June 2016 and 30 June 2017	**57.5**	**39.5**	**97.0**
Accumulated amortisation and impairment			
At 30 June 2015	–	(27.2)	(27.2)
Amortisation charge for the year	–	(3.9)	(3.9)
At 30 June 2016	–	(31.1)	(31.1)
Amortisation charge for the year	**–**	**(4.5)**	**(4.5)**
At 30 June 2017	**–**	**(35.6)**	**(35.6)**
Net book value			
At 30 June 2015	60.0	14.1	74.1
Accumulated amortisation for the year	–	(3.9)	(3.9)
Foreign exchange revaluation through reserves*	10.1	2.2	12.3
At 30 June 2016	70.1	12.4	82.5
Accumulated amortisation for the year	**–**	**(4.5)**	**(4.5)**
Foreign exchange revaluation through reserves*	**1.5**	**0.4**	**1.9**
At 30 June 2017	**71.6**	**8.3**	**79.9**

* 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 2016 and 2017	4.1

Goodwill

The Group's goodwill balance relates principally to the acquisition of the equities business in May 2011.

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

The annual impairment review of goodwill was undertaken for the year ending 30 June 2017. The Group consists of a single cash-generating unit for the purpose of assessing the carrying value of goodwill. In performing the impairment review, management prepares a calculation of the recoverable amount of goodwill and compares this with the carrying value. The recoverable amount was based on a fair value less costs to sell calculation using the Company's year end share price. Based on management's assessment as at 30 June 2017, the recoverable amount was in excess of the carrying value of goodwill and no impairment was implied. No impairment losses have been recognised in the current or preceding years.

Fund management relationships

Intangible assets comprise fund management relationships related to profit expected to be earned from clients of AEIM.

An annual impairment review of the fund management relationships was undertaken for the year ending 30 June 2017. The recoverable amount was derived from the cumulative pre-tax net earnings anticipated to be generated over the remaining useful economic life, discounted to present value using the Group's weighted average cost of capital of 13.0% per annum. Cumulative net earnings associated with the fund management relationships intangible asset were derived from the annual operating profit contribution that would arise as a result of the remaining fund management relationships, adjusted for investment performance and investor attrition.

The recoverable amount of the fund management relationships intangible asset was determined to be higher than its carrying value as at 30 June 2017. Accordingly, no impairment charge was recognised during the year (FY2015/16: no impairment charge recognised).

The remaining amortisation period for fund management relationships is two years (30 June 2016: three years).

16) Property, plant and equipment

Group	2017 Fixtures, fittings and equipment £m	2016 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**7.8**	6.6
Additions	**0.4**	0.8
Foreign exchange revaluation	**0.1**	0.6
Disposals	**(1.9)**	(0.2)
At the end of the year	**6.4**	7.8
Accumulated depreciation		
At the beginning of the year	**5.6**	4.1
Depreciation charge for the year	**1.0**	1.2
Foreign exchange revaluation	**–**	0.3
Disposals	**(1.8)**	–
At the end of the year	**4.8**	5.6
Net book value at 30 June	**1.6**	2.2

Company	2017 Fixtures, fittings and equipment £m	2016 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**3.6**	3.0
Additions	**0.1**	0.7
Disposals	**–**	(0.1)
At the end of the year	**3.7**	3.6
Accumulated depreciation		
At the beginning of the year	**2.5**	1.9
Depreciation charge for year	**0.5**	0.6
Disposals	**–**	–
At the end of the year	**3.0**	2.5
Net book value at 30 June	**0.7**	1.1

17) Trade and other receivables

	Group		Company	
	2017 £m	2016 £m	**2017 £m**	2016 £m
Current				
Trade debtors	**67.2**	56.8	**3.6**	3.5
Prepayments	**2.9**	3.0	**1.6**	1.7
Loans due from subsidiaries	**–**	–	**354.1**	277.5
Amounts due from subsidiaries	**–**	–	**38.1**	2.2
Other receivables	**0.8**	1.4	**0.6**	0.5
Total trade and other receivables	**70.9**	61.2	**398.0**	285.4

Group trade debtors include all billed and unbilled management fees due to the Group at 30 June 2017 in respect of investment management services provided up to that date. Loans and amounts due from subsidiaries for the Company include intercompany loans related to seed capital investments held by subsidiaries and trading balances. Intercompany loans are issued on commercial terms and repayable on demand.

18) Deferred taxation

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

	2017			2016		
Group	**Other temporary differences £m**	**Share-based payments £m**	**Total £m**	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	**13.4**	**14.0**	**27.4**	8.9	10.6	19.5
Deferred tax liabilities	**(9.2)**	**–**	**(9.2)**	(5.2)	–	(5.2)
	4.2	**14.0**	**18.2**	3.7	10.6	14.3

	2017			2016		
Company	**Other temporary differences £m**	**Share-based payments £m**	**Total £m**	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	**0.2**	**11.3**	**11.5**	0.1	8.1	8.2

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 2015	6.1	10.7	16.8
Credited/(charged) to the consolidated statement of comprehensive income	(2.4)	(0.1)	(2.5)
At 30 June 2016	3.7	10.6	14.3
Credited/(charged) to the consolidated statement of comprehensive income	**0.5**	**3.4**	**3.9**
At 30 June 2017	**4.2**	**14.0**	**18.2**

Company	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2015	0.3	8.7	9.0
Credited/(charged) to the statement of comprehensive income	(0.2)	(0.6)	(0.8)
At 30 June 2016	0.1	8.1	8.2
Credited/(charged) to the statement of comprehensive income	**0.1**	**3.2**	**3.3**
At 30 June 2017	**0.2**	**11.3**	**11.5**

Refer to the details in note 12 in relation to future changes to the UK corporation tax rate which have been reflected in the Group's deferred tax position.

19) Fair value of financial instruments

The Group has an established control framework with respect to the measurement of fair values. This framework includes committees that have overall responsibility for all significant fair value measurements. Each committee regularly reviews significant inputs and valuation adjustments. If third-party information is used to measure fair value, the team assesses and documents the evidence obtained from the third parties to support such valuations. There are no material differences between the carrying amounts of financial assets and liabilities and their fair values at the balance sheet date.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements:

– Level 1: Valuation is based upon a quoted market price in an active market for an identical instrument. This fair value measure relates to the valuation of quoted and exchange traded equity and debt securities.

– Level 2: Valuation techniques are based upon observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This fair value measure relates to the valuation of quoted equity securities in inactive markets or in interests in unlisted funds whose net asset values are referenced to the fair values of the listed or exchange traded securities held by those funds.

– Level 3: Valuation techniques use significant unobservable inputs.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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:

	2017				2016			
	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	**60.8**	**85.5**	**84.9**	**231.2**	27.2	69.6	46.9	143.7
Non-current financial assets held for sale	**–**	**7.1**	**–**	**7.1**	–	78.6	28.1	106.7
Available-for-sale financial assets	**–**	**0.1**	**11.2**	**11.3**	0.4	0.4	8.0	8.8
Fair value through profit or loss investments	**–**	**36.0**	**–**	**36.0**	–	68.2	–	68.2
Non-current asset investments	**–**	**4.5**	**18.0**	**22.5**	–	–	11.7	11.7
Derivative financial instruments	**–**	**0.3**	**–**	**0.3**	–	–	–	–
	60.8	**133.5**	**114.1**	**308.4**	27.6	216.8	94.7	339.1
Financial liabilities								
Third-party interests in consolidated funds	**30.9**	**42.4**	**35.6**	**108.9**	11.0	36.2	28.4	75.6
Derivative financial instruments	**–**	**–**	**–**	**–**	–	4.5	–	4.5
Non-current financial liabilities held for sale	**–**	**–**	**–**	**–**	–	29.8	–	29.8
	30.9	**42.4**	**35.6**	**108.9**	11.0	70.5	28.4	109.9

There were no transfers between Level 1, Level 2 and Level 3 during the year (FY2015/16: total of £19.5m non-current assets and available-for-sale financial assets were transferred from Level 2 to Level 3).

Changes in Level 3 financial assets and liabilities recognised at fair value on a recurring basis

	Investment securities £m	Non-current financial assets held for sale £m	Available-for-sale financial assets £m	Non-current asset investments £m	Third-party interests in consolidated funds £m
At 30 June 2015	47.5	–	–	–	17.8
Additions	22.0	–	–	1.1	10.0
Transfers in from Level 2	2.2	–	7.9	9.4	–
Reclassification from consolidated funds to HFS investments	(26.0)	26.0	–	–	–
Unrealised gains recognised in finance income	1.2	2.1	–	1.2	0.6
Unrealised gains recognised in other comprehensive income	–	–	0.1	–	–
At 30 June 2016	46.9	28.1	8.0	11.7	28.4
Additions	**–**	**–**	**–**	**4.5**	**–**
Reclassification from HFS investments to consolidated funds	**28.1**	**(28.1)**	**–**	**–**	**–**
Unrealised gains recognised in finance income	**9.9**	**–**	**–**	**1.8**	**7.2**
Unrealised gains recognised in other comprehensive income	**–**	**–**	**3.2**	**–**	**–**
At 30 June 2017	**84.9**	**–**	**11.2**	**18.0**	**35.6**

Valuation of Level 3 financial assets and liabilities recognised at fair value on a recurring basis

Investments valued using valuation techniques include financial investments which, by their nature, do not have an externally quoted price based on regular trades, and financial investments for which markets are no longer active as a result of market conditions e.g. market illiquidity. The valuation techniques used include comparison to recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and, if applicable, enterprise valuation.

These techniques may include a number of assumptions relating to variables such as interest rate and price earnings multiples. Changes in assumptions relating to these variables could positively or negatively impact the reported fair value of these instruments. When determining the inputs into the valuation techniques used priority is given to publicly available prices from independent sources when available, but overall the source of pricing is chosen with the objective of arriving at a fair value measurement that reflects the price at which an orderly transaction would take place between market participants on the measurement date.

The fair value estimates are made at a specific point in time, based upon available market information and judgements about the financial instruments, including estimates of the timing and amount of expected future cash flows. Such estimates do not typically reflect any premium or discount that could result from offering for sale at one time the Group's entire holdings of a particular financial instrument, nor do they typically consider the tax impact of the realisation of unrealised gains or losses from selling the financial instrument being fair valued. In some cases the disclosed value cannot be realised in immediate settlement of the financial instrument.

In accordance with the Group's Pricing Methodology and Valuation framework, the estimated fair values of derivative financial instruments valued internally using standard market practices are subject to assessment against external counterparties' valuations.

20) Seed capital investments

Financial instruments not measured at fair value

Financial assets and liabilities that are not measured at fair value include cash and cash equivalents, trade and other receivables, and trade and other payables. The carrying value of financial assets and financial liabilities not measured at fair value is considered a reasonable approximation of fair value as at 30 June 2017 and 2016.

The Group considers itself a sponsor of an investment fund when it facilitates the establishment of a fund in which the Group is the investment manager. The Group ordinarily provides seed capital in order to provide initial scale and facilitate marketing of the funds to third-party investors. The fund is then financed through the issue of units to investors. Aggregate interests held by the Group include seed capital, management fees and performance fees. The Group generates management and performance fee income from managing the assets on behalf of third-party investors.

The movements of seed capital investments and related items during the year are as follows:

Group	HFS investments £m	AFS investments £m	FVTPL investments £m	Investment securities (relating to consolidated funds)* £m	Other (relating to consolidated funds)** £m	Third-party interests in consolidated funds £m	Non-current asset investments £m	Total £m
Carrying amount at 30 June 2015	20.7	10.6	61.8	131.0	15.5	(41.5)	8.9	207.0
Reclassification:								
HFS to consolidated funds	(15.8)	–	–	20.7	–	(4.9)	–	–
FVTPL to HFS investments	7.6	–	(7.6)	–	–	–	–	–
Consolidated funds to HFS investments	26.9	–	–	(26.9)	–	–	–	–
Consolidated funds to FVTPL investments	–	–	18.3	(47.3)	–	29.0	–	–
Net purchases, disposals and fair value changes	37.5	(1.8)	(4.3)	66.2	(10.7)	(58.2)	2.8	31.5
Carrying amount at 30 June 2016	76.9	8.8	68.2	143.7	4.8	(75.6)	11.7	238.5
Reclassification:								
HFS investments to consolidated funds	**(49.3)**	**–**	**–**	**52.8**	**–**	**(3.5)**	**–**	**–**
HFS investments to FVTPL	**(8.8)**	**–**	**8.8**	**–**	**–**	**–**	**–**	**–**
FVTPL to consolidated funds	**–**	**–**	**(23.2)**	**60.3**	**–**	**(37.1)**	**–**	**–**
Consolidated funds to FVTPL investments	**–**	**–**	**1.8**	**(6.0)**	**–**	**4.2**	**–**	**–**
Net purchases, disposals and fair value changes	**(11.7)**	**2.5**	**(19.6)**	**(19.6)**	**6.2**	**3.1**	**10.8**	**(28.3)**
Carrying amount at 30 June 2017	**7.1**	**11.3**	**36.0**	**231.2**	**11.0**	**(108.9)**	**22.5**	**210.2**

* Investment securities in consolidated funds are designated as FVTPL.

** Relates to cash and other assets in consolidated funds that are not investment securities.

20) Seed capital investments continued

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, three funds (FY2015/16: five) 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 2017 were as follows:

	2017 £m	2016 £m
Non-current financial assets held for sale	**7.1**	106.7
Non-current financial liabilities held for sale	**–**	(29.8)
Seed capital investments classified as held for sale	**7.1**	76.9

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. One such fund was transferred to the FVTPL category during the year after the Group reduced its interests following investment inflows from third parties (FY2015/16: 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 (FY2015/16: seven) with an aggregate carrying amount of £12.5 million (FY2015/16: £15.8 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 net gains of £9.3 million (FY2015/16: net gains of £4.2 million) in relation to held for sale investments.

As the Group considers itself to have one segment (refer to note 4), no additional segmental disclosure of held for sale assets or liabilities is applicable.

b) Available-for-sale financial assets

Available-for-sale financial assets at 30 June 2017 comprise shares held in debt and equity funds as follows:

	2017 £m	2016 £m
Equities listed on stock exchange	**–**	0.4
Equity funds	**11.3**	8.4
Seed capital classified as available-for-sale	**11.3**	8.8

Included within other comprehensive income are net gains of £2.5 million (FY2015/16: net gains of £1.1 million) in relation to available-for-sale investments.

c) Fair value through profit or loss investments

FVTPL investments at 30 June 2017 comprise shares held in debt and equity funds as follows:

	2017 £m	2016 £m
Equity funds	**30.2**	46.6
Debt funds	**5.8**	21.6
Seed capital classified as FVTPL investments	**36.0**	68.2

Included within finance income are net gains of £9.6 million (FY2015/16: net losses of £16.3 million) on the Group's FVTPL investments.

d) Consolidated funds

The Group has consolidated 13 investment funds as at 30 June 2017 (30 June 2016: 14 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.

	2017 £m	2016 £m
Investment securities	**231.2**	143.7
Cash and cash equivalents	**12.4**	5.6
Other	**(1.4)**	(0.8)
Third-party interests in consolidated funds	**(108.9)**	(75.6)
Consolidated seed capital investments	**133.3**	72.9

Investment securities are designated as FVTPL and include listed and unlisted equities and debt securities. 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 fund financially.

Included within the consolidated statement of comprehensive income are net gains of £12.8 million (FY2015/16: £nil) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds, as follows:

	2017 £m	2016 £m
Finance income	**7.8**	4.7
Gains/(losses) on investment securities	**22.4**	(5.7)
Change in third-party interests in consolidated funds	**(12.5)**	3.4
Other expenses	**(4.9)**	(2.4)
Net gains/(losses) on consolidated funds	**12.8**	–

Included in the Group's cash generated from operations is £3.5 million cash utilised in operations (FY2015/16: £2.2 million cash utilised in operations) relating to consolidated funds.

As of 30 June 2017, the Group's consolidated funds were domiciled in Guernsey, Indonesia, Luxembourg, Saudi Arabia, and the United States.

e) Non-current asset investments

Non-current asset investments relate to the Group's holding in closed-end funds and are designated as FVTPL. Fair value is assessed by taking account of the extent to which potential dilution of gains or losses may arise as a result of additional investors subscribing to the fund where the final close of a fund has not occurred.

	2017 £m	2016 £m
Non-current asset investments	**22.5**	11.7

Included within finance income are net gains of £2.5 million (FY2015/16: net losses of £0.4 million) on the Group's non-current asset investments.

21) Financial instrument risk management

Group

The Group is subject to strategic and business, client, investment, treasury and operational risks throughout its business as discussed in the Risk management section. This note discusses the Group's exposure to and management of the following principal risks which arise from the financial instruments it uses: credit risk, liquidity risk, interest rate risk, foreign exchange risk and price risk. Where the Group holds units in investment funds, classified either as held for sale, available-for-sale, FVTPL or non-current asset investment financial assets, the related financial instrument risk disclosures in the note below categorise exposures based on the Group's direct interest in those funds without looking through to the nature of underlying securities.

Risk management is the ultimate responsibility of the Board, as noted in the Risk management section on pages 32 to 37.

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 £448.3 million as at 30 June 2017 (30 June 2016: excess capital of £406.4 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	**2017 £m**	2016 £m
Investment securities	19	**231.2**	143.7
Non-current financial assets held for sale	19	**7.1**	106.7
Available-for-sale financial assets	19	**11.3**	8.8
Fair value through profit or loss investments	19	**36.0**	68.2
Derivative financial instruments	19	**0.3**	–
Trade and other receivables	17	**70.9**	61.2
Cash and cash equivalents		**432.5**	364.0
Total		**789.3**	752.6

Investment securities, derivative financial instruments, non-current financial assets held for sale, available-for-sale financial assets and FVTPL investments expose the Group to credit risk from various counterparties, which is monitored and reviewed by the Group.

The Group's cash and cash equivalents, comprising of 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 2017 (30 June 2016: A to AAA).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2016: 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.

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 2017

	Within 1 year £m	**1-5 years £m**	**More than 5 years £m**	**Total £m**
Third-party interests in consolidated funds	**53.8**	**55.1**	**–**	**108.9**
Current trade and other payables	**64.2**	**–**	**–**	**64.2**
	118.0	**55.1**	**–**	**173.1**

At 30 June 2016

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Non-current liabilities held for sale	29.8	–	–	29.8
Third-party interests in consolidated funds	32.1	43.5	–	75.6
Derivative financial instruments	4.5	–	–	4.5
Current trade and other payables	55.4	–	–	55.4
	121.8	43.5	–	165.3

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 bank deposits held in the ordinary course of business. The Group has a cash management policy which monitors cash levels and returns within set parameters on a continuing basis.

Bank and similar deposits held at year end are shown on the consolidated balance sheet as cash and cash equivalents. The effective interest earned on bank and similar deposits during the year is given in the table below:

Effective interest rates applicable to bank deposits

	2017 %	2016 %
Deposits with banks and liquidity funds	**0.67**	1.01

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2017, 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 £2.0 million higher/lower (FY2015/16: £1.0 million higher/lower), mainly as a result of higher/lower interest on cash balances. An assumption that the fair value of assets and liabilities will not be affected by a change in interest rates was used in the model to calculate the effect on profit before tax.

In addition, the Group is indirectly exposed to interest rate risk where the Group holds seed capital investments in funds that invest in debt securities.

21) Financial instrument risk management continued

Group

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group's revenue is almost entirely denominated in US dollars, while the majority of the Group's costs are denominated in Sterling. Consequently, the Group has an exposure to movements in the GBP:USD exchange rate. In addition, the Group operates globally, which means that it may enter into contracts and other arrangements denominated in local currencies in various countries. The Group also holds a number of seed capital investments denominated mainly in US dollars, Colombian pesos and Indonesian rupiah.

The Group's policy is to hedge a proportion of the Group's revenue by using a combination of forward foreign exchange contracts and options for a period of up to two years forward. The Group also sells US dollars at spot rates when opportunities arise.

The table below shows the Group's sensitivity to a 1.0% exchange movement in the US dollar, Colombian peso and Indonesian rupiah, net of hedging activities.

	2017		2016	
Foreign currency sensitivity test	**Impact on profit before tax £m**	**Impact on equity £m**	Impact on profit before tax £m	Impact on equity £m
US dollar +/- 1%	**1.8**	**2.6**	2.6	2.7
Euro +/- 1%	**0.1**	**0.1**	0.1	0.1
Indonesian rupiah +/- 1%	**0.1**	**0.1**	0.4	0.3
Colombian peso +/- 1%	**0.1**	**0.1**	0.1	0.1

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of market changes.

Seed capital

The Group is exposed to the risk of changes in market prices in respect of seed capital investments. Such price risk is borne by the Group directly through interests in available-for-sale and non-current asset seed capital investments or indirectly either through line-by-line consolidation of underlying financial performance and positions held in certain funds or potential impairments when fair values less costs to sell of seed investments held for sale are less than carrying amounts. Details of seed capital investments held are given in note 20.

The Group has well defined procedures governing the appraisal, approval and monitoring of seed capital investments.

At 30 June 2017, a 5% movement in the fair value of these investments would have had a £10.5 million (FY2015/16: £11.9 million) impact on net assets and the impact on profit before tax would have been £3.3 million (FY2015/16: £7.8 million).

Management and performance fees

The Group is also indirectly exposed to price risk in connection with the Group's management fees, which are based on a percentage of value of AuM, and fees based on performance. Movements in market prices, exchange and interest rates could cause the AuM to fluctuate, which in turn could affect fees earned. Performance fee revenues could also be reduced depending upon market conditions.

Management and performance fees are diversified across a range of investment themes and are not measurably correlated to any single market index in Emerging Markets. In addition, throughout Ashmore's history, 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$58.7 billion and applying the year's average net management fee rate of 52bps, a 5% movement in AuM would have a US$15.3 million impact, equivalent to £11.8 million using year end exchange rate of 1.2946, on management fee revenues (FY2015/16: using the year end AuM level of US$52.6 billion and applying the year's average net management fee rate of 55bps, a 5% movement in AuM would have a US$14.5 million impact, equivalent to £10.9 million using year end exchange rate of 1.3234 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 2017, protect a proportion of the Group's revenue cash flows from foreign exchange movements. The cumulative fair value of the outstanding foreign exchange hedges asset at 30 June 2017 was £0.3 million (30 June 2016: £4.5 million foreign exchange hedges liability) and is included within the Group's derivative financial instrument assets.

The notional and fair values of foreign exchange hedging instruments were as follows:

	2017		2016	
	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	**60.0**	**0.3**	85.0	(4.5)
	60.0	**0.3**	85.0	(4.5)

The maturity profile of the Group's outstanding hedges is shown below.

Notional amount of option collars maturing:	**2017 £m**	2016 £m
Within 6 months	**30.0**	40.0
6-12 months	**30.0**	30.0
>12 months	**–**	15.0
	60.0	85.0

When hedges are assessed as effective, intrinsic value gains and losses are initially recognised in other comprehensive income and later reclassified to comprehensive income as the corresponding hedged cash flows crystallise. Time value in relation to the Group's hedges is excluded from being part of the hedging item and, as a result, the net unrealised loss related to the time value of the hedges is recognised in the consolidated statement of comprehensive income for the year.

A £3.8 million intrinsic gain (FY2015/16: £3.9 million intrinsic loss) on the Group's hedges has been recognised through other comprehensive income and £3.7 million intrinsic value loss (FY2015/16: £1.7 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 loss of £2.8 million (note 7) recognised at 30 June 2017 (£1.1 million gain at 30 June 2016) are:

- a £0.9 million gain in respect of foreign exchange hedges covering net management fee income for the financial year ending 30 June 2017 (FY2015/16: £0.6 million loss in respect of foreign exchange hedges covering net management fee income for the financial year ended 30 June 2016); and
- a £3.7 million loss in respect of crystallised foreign exchange contracts (FY2015/16: £1.7 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:

	2017 £m	2016 £m
Cash and cash equivalents	**229.7**	301.4
Trade and other receivables	**398.0**	285.4
Total	**627.7**	586.8

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 2017 (30 June 2016: A to AAA).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2016: 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.

21) Financial instrument risk management continued

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

	2017 %	2016 %
Deposits with banks and liquidity funds	**0.30**	0.59

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2017, if interest rates over the year had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been £1.1 million higher/lower (FY2015/16: £0.5 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 2017, 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 £3.9 million (FY2015/16: increased/decreased by £3.4 million).

22) Share capital

Authorised share capital

Group and Company	**2017 Number of shares**	**2017 Nominal value £'000**	2016 Number of shares	2016 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	**2017 Number of shares**	**2017 Nominal value £'000**	2016 Number of shares	2016 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 2017, there were equity-settled share awards issued under the Omnibus Plan totalling 38,579,871 (30 June 2016: 39,805,764) shares that have release dates ranging from July 2017 to December 2021. Further details are provided in note 10.

23) Own shares

The Ashmore 2004 Employee Benefit Trust (EBT) acts as an agent to acquire and hold shares in Ashmore Group plc with a view to facilitating the recruitment and motivation of employees. As at the year end, the EBT owned 38,701,321 (30 June 2016: 41,173,968) ordinary shares of 0.01p with a nominal value of £3,870 (30 June 2016: £4,117) and shareholders' funds are reduced by £115.4 million (30 June 2016: £122.3 million) in this respect. It is the intention of the Directors to make these shares available to employees through the share-based compensation plans. The EBT is periodically funded by the Company for these purposes.

24) Treasury shares

Treasury shares held by the Company

	2017		2016	
Group and Company	**Number**	**£m**	Number	£m
Ashmore Group plc ordinary shares	**5,368,331**	**6.9**	5,368,331	6.9

Reconciliation of treasury shares

	2017 Number	2016 Number
At the beginning and end of the year	**5,368,331**	5,368,331

The market value of treasury shares was £19.0 million at the year end (30 June 2016: £16.0 million).

25) Trade and other payables

	Group 2017 £m	Group 2016 £m	Company 2017 £m	Company 2016 £m
Current				
Trade and other payables	**29.5**	19.9	**26.7**	39.9
Accruals and deferred income	**34.7**	35.5	**1.9**	2.5
Amounts due to subsidiaries	**–**	–	**40.0**	7.7
Total trade and other payables	**64.2**	55.4	**68.6**	50.1

26) Interests in subsidiaries

Operating subsidiaries

Movements in investments in subsidiaries during the year were as follows:

Company	2017 £m	2016 £m
Cost		
At 30 June 2016	**20.0**	20.1
Disposals	**(0.1)**	(0.1)
At 30 June 2017	**19.9**	20.0

During December 2016, Ashmore disposed of its entire interest in Ashmore Portfoy Yonetimi Anonim Sirketi for a cash consideration of £0.4 million resulting in a loss on disposal of £0.2 million. At the time of sale, associated seed capital positions were redeemed, crystallising gains in the period of £0.3 million which have been presented within finance income.

In the opinion of the Directors, the following subsidiary undertakings principally affected the Group's results or financial position at 30 June 2017. A full list of the Group's subsidiaries and all related undertakings is disclosed in note 33.

Name	Country of incorporation/ formation and principal place of operation	% of equity shares held by the Group
Ashmore Investments (UK) Limited	England	**100.00**
Ashmore Investment Management Limited	England	**100.00**
Ashmore Investment Advisors Limited	England	**100.00**
Ashmore Management Company Colombia SAS	Colombia	**61.00**
Ashmore CAF-AM Management Company SAS	Colombia	**53.66**
Ashmore Management Company Limited	Guernsey	**100.00**
PT Ashmore Asset Management Indonesia	Indonesia	**66.67**
Ashmore Japan Co. Limited	Japan	**100.00**
AA Development Capital Investment Managers (Mauritius) LLC	Mauritius	**55.00**
Ashmore Investments (Holdings) Limited	Mauritius	**100.00**
Ashmore Investments Saudi Arabia	Saudi Arabia	**90.00**
Ashmore Investment Management (Singapore) Pte. Ltd.	Singapore	**100.00**
Ashmore Investment Management (US) Corporation	USA	**100.00**
Ashmore Equities Holding Corporation	USA	**100.00**
Ashmore Equities Investment Management (US) LLC	USA	**100.00**

26) Interests in subsidiaries continued

Consolidated funds

The Group consolidated the following investment funds as at 30 June 2017 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	**39.06**
Ashmore Emerging Markets Distressed Debt Fund	Corporate debt	Guernsey	**40.02**
Ashmore Emerging Markets Debt and Currency Fund Limited	Blended debt	Guernsey	**100.00**
Ashmore Dana USD Nusantara	External debt	Indonesia	**65.49**
Ashmore SICAV Absolute Return Debt Fund	Blended debt	Luxembourg	**70.48**
Ashmore SICAV 2 Global Bond Fund	Local currency	Luxembourg	**100.00**
Ashmore SICAV Multi Asset Fund	Multi-asset	Luxembourg	**37.73**
Ashmore Saudi Equity Fund	Equity	Saudi Arabia	**50.38**
Ashmore Saudi GCC Equity Fund	Equity	Saudi Arabia	**72.67**
Ashmore Emerging Markets Value Fund	Equity	USA	**62.07**
Ashmore Emerging Markets Equity Opportunities Fund	Equity	USA	**96.75**
Ashmore Emerging Markets Active Equity Fund	Equity	USA	**84.60**
Ashmore Emerging Markets Hard Currency Debt Fund	External debt	USA	**84.83**

27) Interests in associates and joint ventures

The Group held interests in the following associates as at 30 June 2017 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%
Taiping Fund Management Company**	Associate	Investment management	China	15%

* Everbright Ashmore includes four related entities.

** Formerly Ashmore-CCSC Fund Management Company Limited, renamed Taiping Fund Management Company

During August 2016, Ashmore reduced its interest in the joint venture Ashmore-CCSC Fund Management Company Limited (ACCSC), from 49% to 15% following the introduction of a new shareholder, Taiping Group. Ashmore received cash consideration of £4.8 million resulting in a profit of £1.8 million in the period. ACCSC was renamed Taiping Fund Management Company Limited after the transaction and Ashmore Group's remaining 15% equity interest in the company was reclassified to investment in associate.

Movements in investments in associates and joint ventures during the year were as follows:

			2017			2016
	Associates £m	**Joint ventures £m**	**Total £m**	Associates £m	Joint ventures £m	Total £m
At the beginning of the year	**1.6**	**4.7**	**6.3**	1.4	5.9	7.3
Additions/(disposals)	**0.1**	**(3.0)**	**(2.9)**	–	–	–
Share of profit/(loss)	**–**	**(0.8)**	**(0.8)**	–	(1.7)	(1.7)
Distributions	**(0.4)**	**–**	**(0.4)**	–	–	–
Reclassification from joint venture to associate	**0.9**	**(0.9)**	**–**	–	–	–
Foreign exchange revaluation	**0.1**	**–**	**0.1**	0.2	0.5	0.7
At the end of the year	**2.3**	**–**	**2.3**	1.6	4.7	6.3

The summarised aggregate financial information on associates is shown below.

Group	2017 £m	2016 £m
Total assets	**3.3**	3.9
Total liabilities	**(0.3)**	(0.3)
Net assets	**3.0**	3.6
Group's share of net assets	**0.9**	1.1
Revenue for the year	**8.9**	0.5
Profit/(loss) for the year	**(4.5)**	–
Group's share of profit/(loss) for the year	**(0.8)**	–

The carrying value of the investments in associates includes attributable goodwill that arose on acquisition of the associates. Although the Group's share of net assets of the associates is currently below the aggregate carrying value of the associates reflected on the consolidated balance sheet, the Group has considered that this position is temporary. No permanent impairment is believed to exist relating to the associates.

The Group has undrawn capital commitments of £4.9 million (30 June 2016: £4.8 million) to investment funds managed by the associates. Further details are provided in note 28.

28) Interests in structured entities

The Group has interests in structured entities as a result of the management of assets on behalf of its clients. Where the Group holds a direct interest in a closed-ended fund, private equity fund or open-ended pooled fund such as a SICAV, the interest is accounted for either as a consolidated structured entity or as a financial asset, depending on whether the Group has control over the fund or not.

The Group's interest in structured entities is reflected in the Group's AuM. The Group is exposed to movements in AuM of structured entities through the potential loss of fee income as a result of client withdrawals. Outflows from funds are dependent on market sentiment, asset performance and investor considerations. Further information on these risks can be found in the Business review.

Considering the potential for changes in AuM of structured entities, management has determined that the Group's unconsolidated structured entities include segregated mandates and pooled funds vehicles. Disclosure of the Group's exposure to unconsolidated structured entities has been made on this basis.

The reconciliation of AuM reported by the Group within unconsolidated structured entities is shown below.

	Total AuM US$bn	Less: AuM within consolidated funds US$bn	AuM within unconsolidated structured entities US$bn
30 June 2017	**58.7**	**0.3**	**58.4**
30 June 2016	52.6	0.2	52.4

Included in the Group's consolidated management fees of £226.2 million (FY2015/16: £197.1 million) are management fees amounting to £225.4 million (FY2015/16: £195.4 million) earned from unconsolidated structured entities.

The table below shows the carrying values of the Group's interests in unconsolidated structured entities, recognised in the Group balance sheet, which are equal to the Group's maximum exposure to loss from those interests.

	2017 £m	2016 £m
Management fees receivable	**35.0**	29.7
Trade and other receivables	**30.0**	24.8
Seed capital investments	**76.9**	165.6
Total exposure	**141.9**	220.1

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.

28) Interests in structured entities continued

The Group has undrawn investment commitments relating to structured entities as follows:

	2017 £m	2016 £m
AA Development Capital India Fund 1 LLC	**1.2**	1.2
Ashmore Andean Fund II, LP	**1.8**	–
Ashmore Emerging Markets Corporate Private Debt Fund	**0.3**	1.0
Ashmore I – CAF Colombian Infrastructure Senior Debt Fund	**15.0**	15.2
Ashmore I – FCP Colombia Infrastructure Fund	**0.1**	0.8
Ashmore Special Opportunities Fund LP	**1.6**	3.2
Everbright Ashmore China Real Estate Fund	**1.4**	1.4
KCH Healthcare LLC	**4.5**	5.2
VTBC-Ashmore Real Estate Partners I, LP	**3.5**	3.4
Total undrawn investment commitments	**29.4**	31.4

29) Related party transactions

Related parties of the Group include key management personnel, close family members of key management personnel, subsidiaries, associates, joint ventures, Ashmore funds, the EBT and the Ashmore Foundation.

Key management personnel – Group and Company

The compensation paid to or payable to key management personnel for employee services is shown below:

	2017 £m	2016 £m
Short-term employee benefits	**1.4**	0.9
Defined contribution pension costs	**–**	–
Share-based payment benefits	**4.8**	2.2
	6.2	3.1

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 56 to 73.

During the year, there were no other transactions entered into with key management personnel (FY2015/16: none). Aggregate key management personnel interests in consolidated funds at 30 June 2017 were £42.4 million (30 June 2016: £28.5 million).

Transactions with subsidiaries – Company

Details of transactions between the Company and its subsidiaries are shown below:

	2017 £m	2016 £m
Transactions during the year		
Management fees	**110.3**	73.7
Net dividends	**99.2**	89.6
Loans advanced to/(repaid by) subsidiaries	**76.6**	(16.6)

Amounts receivable or payable to subsidiaries are disclosed in notes 17 and 25 respectively.

Transactions with Ashmore Funds – Group

During the year, the Group received £111.6 million of gross management fees and performance fees (FY2015/16: £89.4 million) from the 86 funds (FY2015/16: 91 funds) it manages and which are classified as related parties. As at 30 June 2017, the Group had receivables due from funds of £5.1 million (30 June 2016: £1.5 million) that are classified as related parties.

Transactions with the EBT – Group and Company

The EBT has been provided with a loan facility to allow it to acquire Ashmore shares in order to satisfy outstanding unvested share awards. The EBT is included within the results of the Group and the Company. As at 30 June 2017, the loan outstanding was £103.5 million (30 June 2016: £112.6 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 (FY2015/16: £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

	2017 £m	2016 £m
Within 1 year	**3.0**	3.2
Between 1 and 5 years	**7.3**	9.9
Later than 5 years	**3.3**	4.4
	13.6	17.5

Company

	2017 £m	2016 £m
Within 1 year	**1.2**	1.2
Between 1 and 5 years	**4.6**	4.6
Later than 5 years	**1.8**	2.9
	7.6	8.7

Operating lease expenses are disclosed in note 11.

Company

The Company has undrawn loan commitments to other Group entities totalling £77.5 million (30 June 2016: £124.5 million) to support their investment activities but has no investment commitments of its own (30 June 2016: none).

31) Post-balance sheet events

There are no post-balance sheet events that require adjustment or disclosure in the consolidated financial statements.

32) Accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are regularly evaluated and are based upon management's assessment of current and future events. The principal estimates and judgements that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled and cash-settled share-based awards at fair value at the date of grant and expenses them over the vesting period based on the Group's estimate of the shares that will vest. Market-related performance conditions are incorporated into the grant price of the awards. The estimation of the likelihood of the performance conditions being met is made at the time of granting the awards for equity-settled arrangements and also at each reporting date for cash-settled share-based arrangements.

32) Accounting estimates and judgements

Classification of seed capital investments

The Group invests seed capital from time to time to support the initial launch and growth of new products, such as SICAVs, private equity funds and alternative investment funds. The seed capital investments vary in duration depending on the nature of the product and the time expected to grow the funds to a size and track record required for participation by third-party investors. The Group reviews the size and nature of these investments to consider the level of control over the fund and to determine the appropriate classification for accounting either as full consolidation (where the Group concludes that it has control over the fund), using equity-method accounting (where the Group exercises significant influence or joint control), or as a financial asset classified as available-for-sale, held for sale or at fair value through profit or loss. In the case of seed capital investments, where the Group concludes that it does not have control over the fund, the Group is also not deemed to have significant influence over the fund, and therefore does not apply equity-method accounting. The Group would account for the seed capital investment as a financial asset, classified either as an available-for-sale financial asset, financial asset held for sale, or a financial asset at fair value through profit or loss. The Group considers that its seeding activity is intended to help establish a fund's track record and to provide initial scale until the fund has attracted sufficient third-party capital, at which stage the Group will actively seek to redeem and redeploy the seed capital.

Management exercises judgement to determine whether the Group controls an investment fund under IFRS 10, including making an assessment of whether the Group has power over the fund which the Group exercises primarily for self-benefit. Management also assesses the magnitude of the Group's aggregate economic interest in the fund (comprising direct interests, carried interests, expected management fees, fair value gains or losses, and distributions receivable from funds managed) relative to third-party investors, and whether third-party investors have substantive rights to remove the Group from acting as a fund manager without cause.

The Group has assessed and classified the following fund vehicles as unconsolidated structured entities:

- Segregated mandates and pooled funds managed where the Group does not hold any direct interest. In this case, the Group considers that its aggregate economic exposure is insignificant and, in relation to segregated mandates, the third-party investor has the practical ability to remove the Group from acting as fund manager, without cause. As a result, the Group concludes that it acts as an agent for third-party investors.
- Pooled funds managed by the Group where the Group holds a direct interest, for example seed capital investments, and the Group's aggregate economic exposure in the fund relative to third-party investors is less than 20% (i.e. the threshold established by the Group for determining agent versus principal classification). As a result, the Group concludes that it is an agent for third-party investors and, therefore, will account for its beneficial interest in the fund as a financial asset. Further details on the carrying values of these seed capital financial assets have been disclosed in note 20.

The disclosure of the AuM in respect of consolidated and unconsolidated structured entities is provided in note 28.

Impairment of intangible assets

The Group tests goodwill and intangible assets annually for impairment. The recoverable amount for goodwill is determined by reference to the Group's market capitalisation, whereas the recoverable amount for intangible assets is determined based upon value in use calculations prepared on the basis of management's assumptions and estimates. The carrying value of goodwill and intangible assets on the Group's balance sheet at 30 June 2017 was £79.9 million (30 June 2016: £82.5 million). Management considers that reasonably possible changes in any of the key assumptions applied would not cause the carrying value of fund management relationships intangible asset to materially exceed its recoverable value. The recoverable amount of the intangible asset was determined to be higher than its carrying value as at 30 June 2017. Accordingly, no impairment charge was recognised during the year (see note 15).

33) Subsidiaries and related undertakings

The following is a full list of the Ashmore Group plc subsidiaries and related undertakings as at 30 June 2017 pursuant to the requirements of Statutory Instrument 2015 No. 80 *The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015.* The list includes the Group's subsidiaries and related undertakings, all significant holdings (greater than 20% interest), associate undertakings, joint ventures and significant holdings in Ashmore sponsored public funds in which the Group has invested seed capital:

Name	Classification	% interest	Registered address
Ashmore Investments (UK) Limited	Subsidiary	100.00	61 Aldwych, London WC2B 4AE United Kingdom
Ashmore Investment Management Limited	Subsidiary	100.00	
Ashmore Investment Advisors Limited	Subsidiary	100.00	
Aldwych Administration Services Limited	Subsidiary	100.00	
Ashmore Asset Management Limited	Subsidiary	100.00	
Ashmore Investment Management (US) Corporation	Subsidiary	100.00	475 Fifth Avenue, 15th Floor New York, 10017 USA
Ashmore Equities Holding Corporation	Subsidiary	100.00	
Ashmore Equities Investment Management (US) LLC	Subsidiary	100.00	
Ashmore Investment Management (Singapore) Pte. Ltd.	Subsidiary	100.00	1 George Street #15-04, Singapore 049145
PT Ashmore Asset Management Indonesia	Subsidiary	66.67	18 Parc SCBD Tower E, 8th Floor Jl. Jend. Sudirman Kav.52-53 Jakarta 12190, Indonesia
Ashmore Dana USD Nusantara	Consolidated fund	65.49	
Ashmore Dana USD Equity Nusantara	Significant holding	30.38	
Ashmore Management Company Colombia SAS	Subsidiary	61.00	Carrera 7 No. 75 -66, Office 702 Bogotá, Colombia
Ashmore-CAF-AM Management Company SAS	Subsidiary	53.66	
Ashmore Japan Co. Limited	Subsidiary	100.00	11F, Shin Marunouchi Building 1-5-1 Marunouchi Chiyoda-ku Tokyo Japan 100-6511
Ashmore Investments (Colombia) SL	Subsidiary	100.00	c/ Hermosilla 11, 4°A 28001 Madrid, Spain
Ashmore Management (DIFC) Limited	Subsidiary	100.00	Office 105 , Gate Village 03, Level 1 Dubai International Financial Centre Dubai, UAE
AA Indian Development Capital Advisors Private Limited (in liquidation)	Subsidiary	100.00	507A Kakad Chambers Dr Annie Besant Road Worli Mumbai 400 018 India
Ashmore Investment Advisors (India) Private Limited	Subsidiary	99.82	
Ashmore-Centrum India Opportunities Investment Advisers Private Limited (in liquidation)	Subsidiary	51.00	
Ashmore-Centrum Funds Trustee Company Private Limited (in liquidation)	Subsidiary	51.00	
Ashmore Investment Saudi Arabia	Subsidiary	90.00	3rd Floor Tower B Olaya Towers Olaya Main Street Riyadh, Saudi Arabia
Ashmore Saudi Equity Fund	Consolidated fund	50.38	
Ashmore Saudi GCC Equity Fund	Consolidated fund	72.67	
AA Development Capital Investment Managers (Mauritius) LLC	Subsidiary	55.00	Les Cascades Building 33 Edith Cavell Street, Port Louis Mauritius
Ashmore Investments (Holdings) Limited	Subsidiary	100.00	
Ashmore Emerging Markets Special Situation Opportunities Fund (GP) Limited	Subsidiary	100.00	Trafalgar Court Les Banques St Peter Port GY1 3QL Guernsey
Ashmore Management Company Limited	Subsidiary	100.00	
Ashmore Global Special Situations Fund 3 (GP) Limited	Subsidiary	100.00	
Ashmore Global Special Situations Fund 4 (GP) Limited	Subsidiary	100.00	
Ashmore Global Special Situations Fund 5 (GP) Limited	Subsidiary	100.00	
Ashmore Special Opportunities (GP) Limited	Subsidiary	100.00	
Ashmore Special Opportunities Fund LP	Consolidated fund	39.06	
Ashmore Emerging Markets Distressed Debt Fund	Consolidated fund	40.02	
Ashmore Emerging Markets Debt and Currency Fund Limited	Consolidated fund	100.00	

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33) Subsidiaries and related undertakings continued

Name	Classification	% interest	Registered address
Ashmore SICAV Absolute Return Debt Fund	Consolidated fund	70.48	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	37.73	
Ashmore SICAV Active Equity Fund	Significant holding	35.14	
Ashmore SICAV Investment Grade Total Return Fund	Significant holding	100.00	
Ashmore Emerging Markets Value Fund	Consolidated fund	62.07	475 Fifth Avenue, 15th Floor New York, 10017 USA
Ashmore Emerging Markets Equity Opportunities Fund	Consolidated fund	96.75	
Ashmore Emerging Markets Active Equity Fund	Consolidated fund	84.60	
Ashmore Emerging Markets Hard Currency Debt Fund	Consolidated fund	84.83	
Ashmore Investment Consulting (Beijing) Co. Limited (in liquidation)	Subsidiary	100.00	Room 3401, Tower 1, China World Trade Center Office, No.1 Jian Wai Da Jie, Chaoyang District Beijing, China
Ashmore Emlak ve Yatirim Ltd Sirketi (in liquidation)	Subsidiary	100.00	Cömert Sk. Yapı Kredi Plaza C Blok Kat:11 34330 Levent-Istanbul, Turkey
Ashmore Investments (Turkey) NV (in liquidation)	Subsidiary	100.00	Prins Bernhardplein 200, 1097JB Amsterdam, Netherlands
Everbright Ashmore China Real Estate Fund	Significant holding	22.78	89 Nexus Way Camana Bay, Grand Cayman KY1-9007, Cayman Islands
Everbright Ashmore Services and Consulting Limited	Associate	30.00	c/o Appleby Trust (Cayman) Ltd., Clifton House, 75 Fort Street PO Box 1350, Grand Cayman KY-1108, Cayman Islands
EA Team Investment Partners Limited	Associate	30.00	
Everbright Ashmore Real Estate Partners Limited	Associate	30.00	190 Elgin Avenue, George Town, Grand Cayman KY1-9007, Cayman Islands
Everbright Ashmore Investment Management Limited	Associate	30.00	
Taiping Fund Management Company Limited	Associate	15.00	Unit 101, Building No.5, 135 Handan Road, Shanghai, China
VTB-Ashmore Capital Holdings Limited	Associate	50.00	Trafalgar Court Les Banques St Peter Port GY1 3QL Guernsey
VTBC-Ashmore Investment Management Limited	Associate	50.00	
VTBC-Ashmore Partnership Management 1 Limited	Associate	50.00	

Cautionary statement regarding forward-looking statements

It is possible that this document could or may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning.

Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. There are several factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. The Group undertakes no obligation to revise or update any forward-looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Five-year summary

	2017 £m	2016 £m	2015 £m	2014 £m	2013 £m
Management fees	**226.2**	197.1	250.2	283.1	316.0
Performance fees	**28.3**	10.4	13.3	3.1	33.4
Other revenue	**2.7**	4.1	4.6	7.9	6.2
Total revenue	**257.2**	211.6	268.1	294.1	355.6
Distribution costs	**(4.6)**	(1.2)	(2.9)	(4.6)	(4.8)
Foreign exchange	**5.0**	22.1	18.1	(26.6)	4.7
Net revenue	**257.6**	232.5	283.3	262.9	355.5
Gain/(loss) on investment securities	**22.4**	(5.7)	(3.6)	14.9	4.9
Change in third-party interests in consolidated funds	**(12.5)**	3.4	0.8	(6.1)	(1.2)
Personnel expenses	**(24.8)**	(24.1)	(24.8)	(24.6)	(25.1)
Variable compensation	**(43.0)**	(35.6)	(42.4)	(41.5)	(57.2)
Other operating expenses	**(32.9)**	(32.6)	(32.3)	(34.3)	(44.9)
Total operating expenses	**(90.8)**	(94.6)	(102.3)	(91.6)	(123.5)
Operating profit	**166.8**	137.9	181.0	171.3	232.0
Finance income	**38.6**	31.5	7.0	10.7	26.6
Finance expenses	**–**	(0.2)	(5.1)	(8.5)	(0.9)
Share of profits/(losses) from associates and joint ventures	**0.8**	(1.7)	(1.6)	(1.9)	(0.1)
Profit before tax	**206.2**	167.5	181.3	171.6	257.6
Tax expense	**(36.7)**	(38.8)	(41.3)	(36.9)	(56.0)
Profit for the year	**169.5**	128.7	140.0	134.7	201.6
EPS (basic)	**25.1p**	19.1p	20.3p	19.5p	30.0p
Dividend per share	**16.7p**	16.7p	16.7p	16.5p	16.1p
Other operating data (unaudited)					
AuM at period end (US$bn)	**58.7**	52.6	58.9	75.0	77.4
Average AuM (US$bn)	**54.8**	52.1	66.4	75.2	72.2
Average GBP:USD exchange rate for the year	**1.28**	1.48	1.58	1.63	1.57
Period end GBP:USD exchange rate for the year	**1.29**	1.32	1.57	1.71	1.52

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 **13 October 2017**
Annual General Meeting **20 October 2017**
Ex-dividend date **2 November 2017**
Record date **3 November 2017**
Final dividend payment date **1 December 2017**
Second quarter AuM statement **January 2018**
Announcement of unaudited interim results for the six months ending 31 December 2017 **February 2018**
Third quarter AuM statement **April 2018**
Fourth quarter AuM statement **July 2018**
Announcement of results for the year ending 30 June 2018 **September 2018**

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 2017 Annual Report and Accounts and other publications

Copies of the 2017 Annual Report and financial statements, the Notice of Annual General Meeting, other corporate publications, press releases and announcements are available on the Company's website at www.ashmoregroup.com.

Sharegift

Shareholders with only a small number of shares whose value makes them uneconomic to sell may wish to consider donating to charity through Sharegift, an independent charity share donation scheme.

For further information, please contact either the Registrar or see the Sharegift website at www.sharegift.org.

Frequent shareholder enquiries

Enquiries and notifications concerning dividends, share certificates or transfers and address changes should be sent to the Registrar; the Company's governance reports, corporate governance guidelines and the terms of reference of the Board committees can be found on the Company's website at www.ashmoregroup.com.

Notifying the Company of a change of address

You should notify Equiniti Registrars in writing.

If you hold shares in joint names, the notification to change address must be signed by the first-named shareholder. You may choose to do this online, by logging on to www.shareview.co.uk. You will need your shareholder reference number to access this service – this can be found on your share certificate or from a dividend counterfoil.

You will be asked to select your own PIN and a user ID will be posted to you.

Notifying the Company of a change of name

You should notify Equiniti Registrars in writing of your new name and previous name. You should attach a copy of your marriage certificate or your change of name deed, together with your share certificates and any un-cashed dividend cheques in your old name, so that the Registrar can reissue them.

Dividend payments directly into bank or building society accounts

We recommend that all dividend payments are made directly into a bank or building society account. Dividends are paid via BACS, providing tighter security and access to funds more quickly. To apply for a dividend mandate form, contact the Registrar, or you can find one by logging on to www.shareview.co.uk (under Frequently Asked Questions) or by calling the helpline on 0371 384 2812 (Lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047.

Transferring Ashmore Group plc shares

Transferring some or all of your shares to someone else (for example your partner or a member of your family) requires completion of a share transfer form, which is available from Equiniti Registrars. The form should be fully completed and returned with your share certificate representing at least the number of shares being transferred. The Registrar will then process the transfer and issue a balance share certificate to you if applicable. The Registrar will be able to help you with any questions you may have.

Lost share certificate(s)

Shareholders who lose their share certificate(s) or have their certificate(s) stolen should inform Equiniti Registrars immediately by calling the shareholder helpline on 0371 384 2812 (Lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047.

Disability helpline

For shareholders with hearing difficulties, a special text phone number is available: 0371 384 2255.

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