Ashmore Group plc
16 April 2020

THIRD QUARTER ASSETS UNDER MANAGEMENT STATEMENT

Ashmore Group plc ("Ashmore", "the Group"), the specialist Emerging Markets asset manager, announces the following update to its assets under management ("AuM") in respect of the quarter ended 31 March 2020 and a summary of the current impact on the business of the Covid-19 virus.

Assets under management

Theme	Actual 31 December 2019 (US$ billion)	Estimated 31 March 2020 (US$ billion)	Movement (%)
External debt	19.7	15.9	-19%
Local currency	22.9	17.7	-23%
Corporate debt	14.2	8.7	-39%
Blended debt	26.7	21.5	-19%
Equities	5.1	3.4	-33%
Alternatives	1.6	1.4	-13%
Multi-asset	0.4	0.3	-25%
Overlay / liquidity	7.8	7.9	+1%
Total	98.4	76.8	-22%

Assets under management declined by US$21.6 billion over the quarter, reflecting negative investment performance of US$18.0 billion and net outflows of US$3.6 billion.

Investment performance was negative in all investment themes as a result of the sharp, severe fall in global markets from mid-February. As investors sought to raise dollar liquidity by the widespread selling of risk assets, including in Emerging Markets, Ashmore's value-based strategies underperformed their benchmarks. Performance against benchmarks has consequently weakened over one and three years, but remains good over five years.

The sell-off across Emerging Markets fixed income and equities has delivered the most attractive valuations seen in more than a decade since the 2008 financial crisis. For example, external debt is trading in excess of 600 basis points over the US Treasury curve, more than twice its normal level, and equities are trading at 1.1x book value, the same level as seen in the financial crisis.

Ashmore's investment committees have successfully managed market dislocations many times over the firm's 27-year history and, while current conditions are notable for the severity and pace of the decline in global markets, the consistent application of Ashmore's value-based investment processes is identifying opportunities to deliver longer-term alpha for clients. Ashmore's specialism and long-standing and diverse counterparty relationships mean it has accessed liquidity effectively to maintain the shape of portfolios. Towards the end of the period, both fixed income and equities investment committees began to add risk selectively to portfolios. As spreads narrow from extreme levels and economic growth drives equity valuations, very significant value can be realised for clients.

There were net outflows in the corporate debt, local currency and external debt themes, with client redemptions concentrated in retail-oriented mutual funds in the first two themes including in the Group's short duration strategy, which accounted for the majority of the

Group’s net outflow. The equities and overlay/liquidity themes each had a net inflow, and the blended debt and multi-asset themes were flat over the period. Set against highly volatile global markets in the latter half of the period, institutional client activity levels were relatively subdued.

Impact of Covid-19 virus

Ashmore’s priorities over this period have been to ensure the health and safety of its employees and to continue to focus on delivering value for its stakeholders. The firm has comprehensive plans in place to manage the business by ensuring business continuity and fulfilling obligations to clients, counterparties and stakeholders. The Group’s Business Continuity Plan (BCP) has been operational globally since mid-March and has been fully effective with the vast majority of employees in its global operating hubs and local offices working remotely, in accordance with the relevant government advice in each location.

Ashmore’s business model has several characteristics that have provided resilience in previous market dislocations and that underpin the firm’s ability to continue to protect returns for shareholders. These include a strong, liquid balance sheet with no debt and over £700 million of financial resources including more than £400 million of cash (as at 31 March 2020), and a flexible cost base with low fixed costs and a high operating margin (69% for the six-month period ending 31 December 2019). Therefore, while the full extent of the impact of Covid-19 remains unclear, Ashmore is confident that it has in place an effective BCP to maintain daily operations and a flexible operating model to cope with the downturn in markets.

Mark Coombs, Chief Executive Officer, Ashmore Group plc, commented:

“While recent unprecedented events are having a profound impact on people and economies globally, Ashmore’s focus remains on ensuring the safety of our people and acting in the best interests of our stakeholders. Ashmore’s business model and investment processes are designed to manage severe market dislocations such as that caused by the cumulative impact of a correction to the overpriced US equity market, an oil price war and Covid-19 and, given its 27-year track record and specialism, Ashmore has the experience to manage its business effectively to capture the value that is created at such times for clients.

“As the developed world returns to unconventional monetary policies and debt-funded fiscal stimulus, their rates will need to remain very low for a prolonged period and the medium to longer term picture will continue to favour Emerging Markets’ high real yields and stronger domestic growth stories. Many emerging nations have the policy flexibility to be able to implement any necessary changes given their size, local currency funding, relatively low indebtedness and high real interest rates. Some will, of course, face challenges, and therefore active management can identify the winners and losers and deliver outperformance as economies and markets normalise.

“While there is considerable short-term uncertainty in respect of the virus, its economic impact and investor risk appetite, longer-term investors recognise that reducing risk now, after a severe correction, crystallises mark-to-market positions and so instead are rightly taking stock to identify the optimal way to capture the significant recovery upside available over the next 12-24 months as the global economy resets. History repeatedly shows that this can be achieved through increasing allocations to Emerging Markets debt and equity at times of price dislocations and market stress such as this."

Ashmore's Legal Entity Identifier (LEI) is 549300U3L59WB4YI2X12.

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