



Ashmore Group plc

Results for year ending 30 June 2016

6 September 2016

- Weaker and more volatile markets in H1, strong recovery in H2
- Consistent investment processes delivering: significant improvement in performance after buying into value opportunities
 - 69% AuM outperforming over 1 year, 63% over 3 years, 73% over 5 years
- Business model performing through the cycle
 - AuM of US\$52.6bn at 30 June 2016 vs US\$58.9 billion at 30 June 2015
 - Adjusted EBITDA margin maintained at a high level (62%)
- Good cash generation and strong balance sheet allows continued investment
 - Seed capital increased and delivering good returns
- Diluted EPS –7% to 18.1p; final DPS of 12.1p to give 16.65p for the year
- Investor sentiment towards Emerging Markets improving

Markets overview

- Headwinds in H1...
 - Strong US dollar, Fed rate increase
 - Renminbi devaluation
 - Oil price decline
 - Rising US high yield defaults
 - Geopolitical tensions

- ...started to unwind in H2, leading to strong recovery and outperformance by Emerging Markets assets
 - Improving EM current account balances, resilient growth and stable inflation
 - Dovish central banks, weaker US dollar
 - Commodity prices rallied
 - Negative bond yields in Developed Markets

Strong Emerging Markets rally in H2 (index returns)

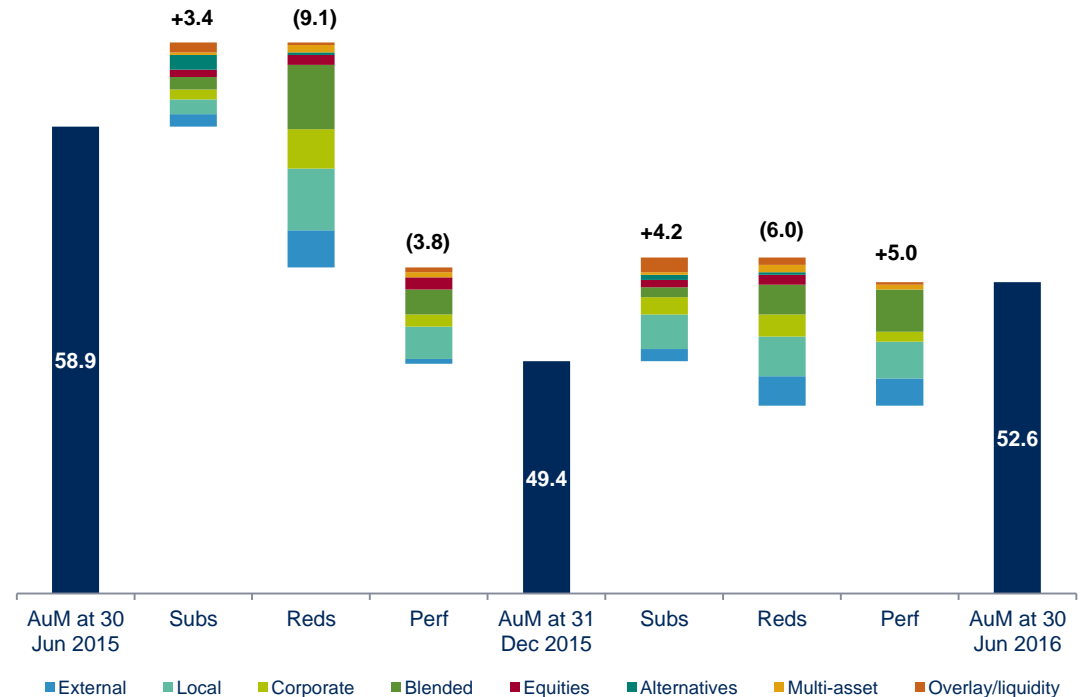
%	6m to 31 December 2015	6m to 30 June 2016	12m to 30 June 2016
External debt	-0.5	+10.3	+9.8
Local currency	-10.6	+14.0	+2.0
Corporate debt	-2.3	+7.8	+5.3
Blended debt	-4.5	+10.1	+5.1
10yr UST	+1.4	+8.0	+9.5
MSCI EM equities	-18.3	+6.4	-12.1
S&P 500	-0.9	+2.7	+1.7

Strong market recovery as headwinds receded in H2

Assets under management

- Gross subscriptions US\$7.6 billion, 13% of opening AuM (FY2014/15: 12%)
 - Increase in alternatives AuM through new capital raising
- Gross redemptions US\$15.1 billion, 26% of opening AuM (FY2014/15: 25%)
 - Influenced by large segregated account redemptions in Q1
- Net outflow US\$7.5 billion (FY2014/15: US\$9.5 billion)
 - H1: -US\$5.7 billion, H2: -US\$1.8 billion
- Investment performance +US\$1.2 billion
 - H1: -US\$3.8 billion, H2: +US\$5.0 billion
- Average AuM US\$52.1 billion (FY2014/15: US\$66.4 billion)

AuM development (US\$bn)

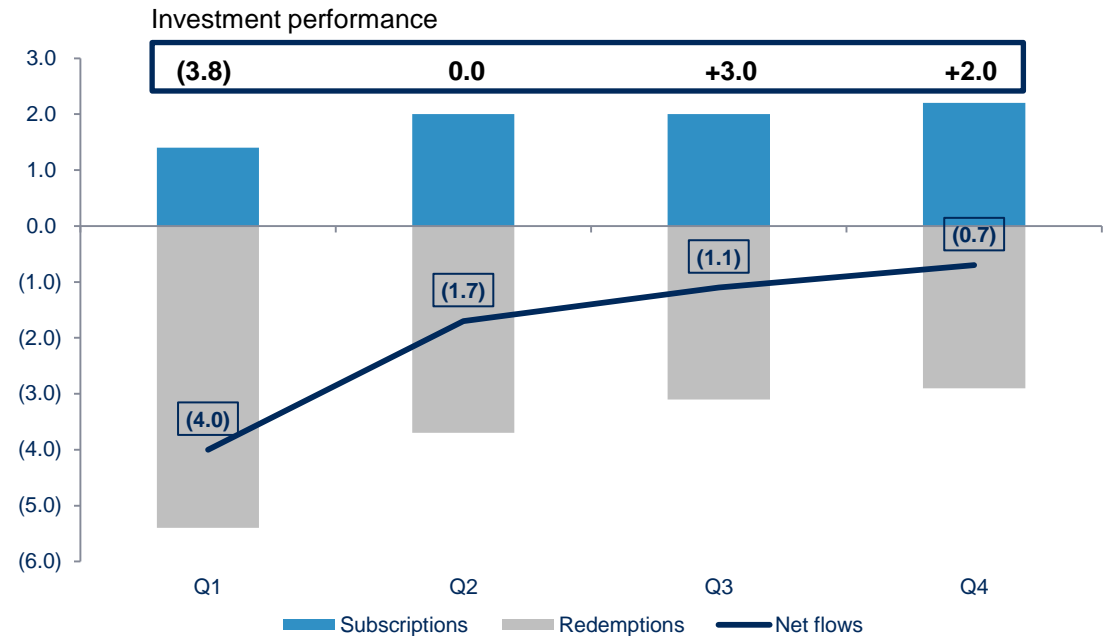


AuM recovery in H2

AuM development

- Subscriptions increased steadily through the period
 - Q4 was strongest quarter since Q1 2014/15
- Redemptions influenced by oil-related government activity in Q1
 - Q4 was lowest quarter since Q3 2012/13
- Performance delivered across investment themes as markets recovered

Net flows and performance by quarter (US\$bn)

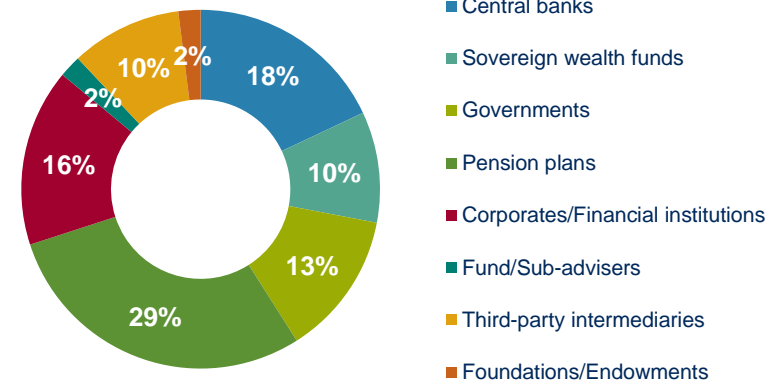


Improving demand as markets and sentiment recover

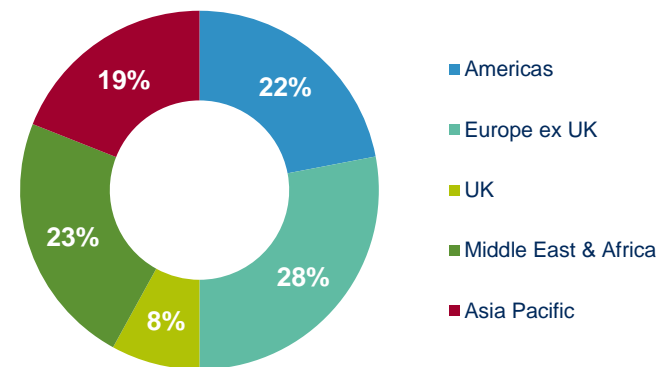
Products and distribution

- Broad-based institutional demand for mainstream Emerging Markets fixed income
- Retail asset gathering on track in difficult market conditions
 - Net inflows from private banks/wealth managers in US and Europe, expected outflows from Japanese funds
 - Demand for differentiated products (short duration, Frontier)
- Growth in higher margin alternatives AuM to capitalise on long-term growth themes in Emerging Markets:
 - Colombian 25-year senior debt infrastructure fund (~US\$450m)
 - Private equity to fund healthcare investments in UAE (~US\$100m)
- Local platforms increasing scale and diversification
 - Indonesia ~US\$900m AuM from local and global investors
 - Saudi Arabia ~US\$100m AuM across a growing range of mutual funds
- 32% of Group AuM sourced from Emerging Markets
 - Dubai office opened to support healthcare initiative in the broader GCC region

AuM by client type



AuM by client location



Continued strategic focus on diversification

Financial results

Revenues

	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m	Variance %
Management fees	197.1	250.2	(21)
Distribution costs	(1.2)	(2.9)	(59)
Net management fees	195.9	247.3	(21)
Performance fees	10.4	13.3	(22)
Other revenue	4.1	4.6	(11)
Foreign exchange	22.1	18.1	22
Net revenue	232.5	283.3	(18)

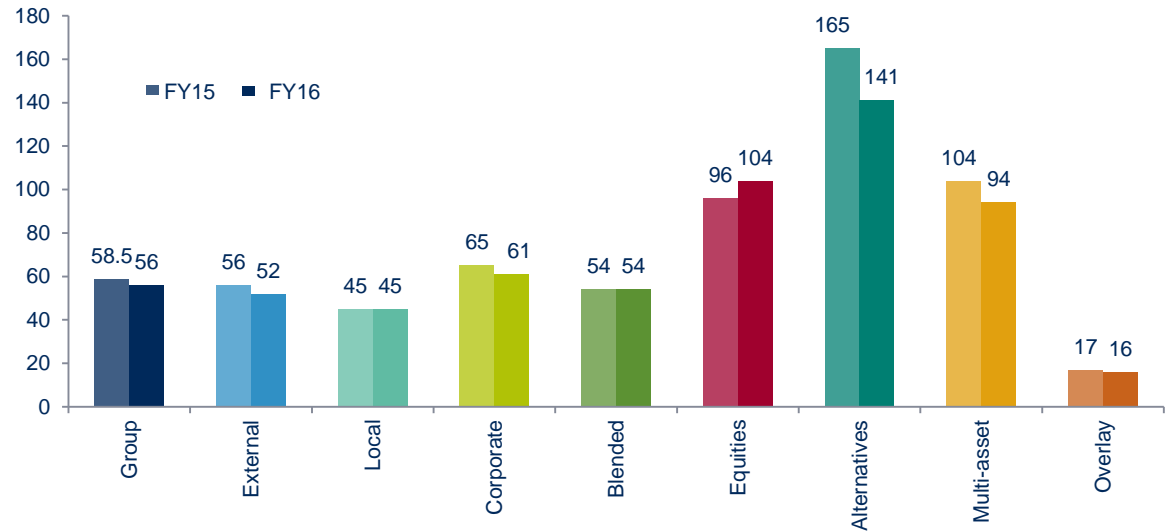
- At constant currency:
 - Net management fees -26%
 - Net revenue -31%

Revenues in line with average AuM

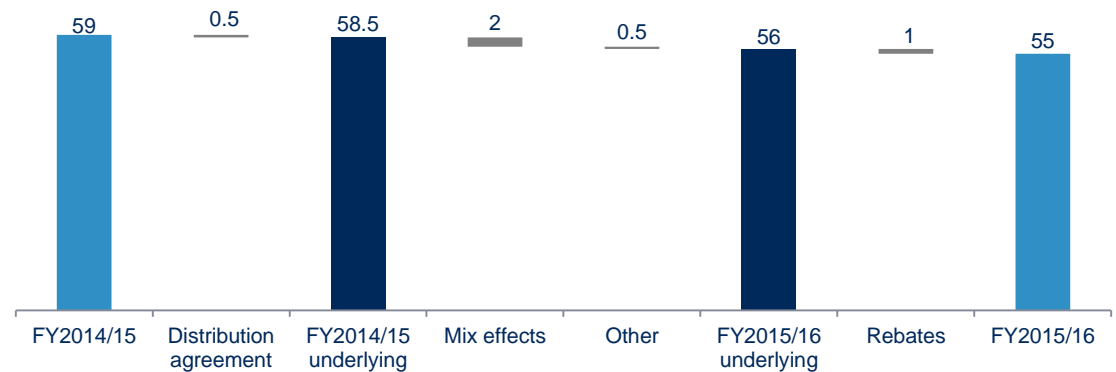
Financial results Management fee margins

- Headline YoY margin development influenced by non-recurring factors
 - Prior year period benefited from 0.5bp distribution accrual release
 - Client rebates relating to historical periods reduced margin by 1bp
- Investment theme mix accounts for 2bps
- Theme and product mix, mandate size, and competition will continue to influence margins

Underlying average net management fee margins (bps)



Underlying group margin development (bps)



Underlying Group, external debt and equities margins have been adjusted to reflect prior year distribution accrual release and client rebates relating to historical periods

Underlying YoY margin development largely due to theme mix

Financial results

Expenses

	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m	Variance %
Personnel expenses	(24.1)	(24.8)	3
Other operating expenses	(27.5)	(27.0)	(2)
	(51.6)	(51.8)	-
Depreciation	(1.2)	(1.3)	8
Amortisation	(3.9)	(4.0)	3
Total operating expenses before VC	(56.7)	(57.1)	1
Variable compensation	(35.6)	(42.4)	16
Total operating expenses	(92.3)	(99.5)	7

Variable compensation as % of EBVCIT:

FY2015/16: 20%

FY2014/15: 18.5%

Flexible cost base and ongoing discipline mitigate lower revenues

Financial results

Other P&L items

	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m	Variance %
Net finance income	31.3	1.9	n/m
<i>Comprising:</i>			
- interest income	2.0	1.7	18
- seed capital: investment return & FX	24.6	(5.1)	n/m
- seed capital: consolidated funds income	4.7	5.3	(11)
Associates & joint ventures	(1.7)	(1.6)	(6)

Strong mark-to-market seed capital returns in H2

Financial results

Adjusted profits

	Statutory FY2015/16 £m	Seed capital- related items £m	FX translation £m	Adjusted FY2015/16 £m	Adjusted FY2014/15 £m	%
Net revenue	232.5	-	(21.0)	211.5	264.8	(20)
Investment securities & third-party interests	(2.3)	2.3	-	-	-	-
Operating expenses ¹	(87.2)	2.4	4.2	(80.6)	(88.1)	9
EBITDA	143.0	4.7	(16.8)	130.9	176.7	(26)
<i>EBITDA margin</i>	62%	-	-	62%	67%	
Depreciation and amortisation	(5.1)	-	-	(5.1)	(5.3)	4
Net finance income	31.3	(9.8)	(19.5)	2.0	1.7	18
Associates and joint ventures	(1.7)	-	-	(1.7)	(1.6)	(6)
	167.5	(5.1)	(36.3)	126.1	171.5	(26)
Seed capital-related items	-	5.1	-	5.1	(0.4)	n/m
Foreign exchange translation	-	-	36.3	36.3	10.2	n/m
Profit before tax	167.5	-	-	167.5	181.3	(8)

1. For the purposes of presenting 'Adjusted profits', operating expenses in FY2015/16 and FY2014/15 have been adjusted for the variable compensation on FX translation gains and losses.

Operating model delivers high profitability

Financial results

Earnings

	Year ended 30 June 2016 £m	Year ended 30 June 2015 £m	Variance %
Profit before tax	167.5	181.3	(8)
Tax	(38.8)	(41.3)	6
Profit after tax	128.7	140.0	(8)
Profit attributable to non-controlling interests	(0.9)	(3.5)	-
Profit attributable to equity holders of the parent	127.8	136.5	(6)
Earnings per share: basic (p)	19.1	20.3	(6)
Earnings per share: diluted (p)	18.1	19.3	(7)
Interim dividend per share (p)	4.55	4.55	-
Final dividend per share (p)	12.10	12.10	-

- Effective tax rate 23.2% vs 20.0% statutory UK rate predominantly due to timing differences regarding share-based payments
- Effect of non-operating items on diluted EPS: FX translation (+1.9p), seed capital (+2.8p)

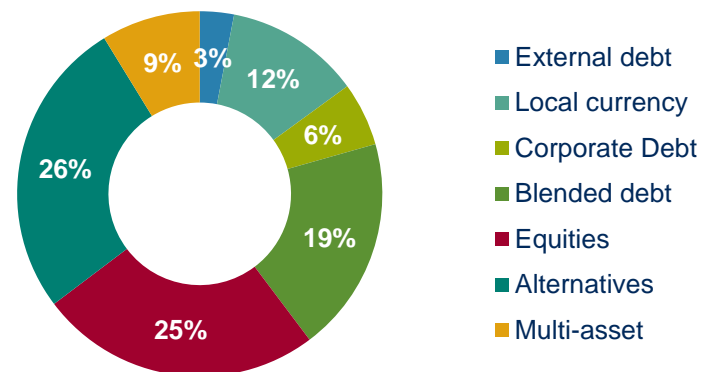
Dividend in line with prior year

Financial results

Seed capital

- Market value £238.5 million (30 June 2015: £207.0 million)
 - 69% in liquid funds
- Profit before tax contribution of £24.6 million is largely marked-to-market
- Actively-managed programme
 - £53.9 million invested in funds and £60.9 million realised over the year
 - New, mostly undrawn, commitments of ~£30 million in the period
- New investments focused on Alternatives and US/Europe mutual funds
- Realisations from funds that have reached scale and/or seeing significant inflows, e.g. local markets, short duration, frontier equities
- Historically-seeded funds represent 13% of Group AuM

Diversified across themes (% of market value)



Gains/(losses) on seed capital in FY2015/16

	MTM	FX	Total
- consolidated funds	0.0	-	0.0
- other funds	5.1	19.5	24.6
Total in P&L	5.1	19.5	24.6
Total in OCI	(0.4)	14.3	13.9
Group total	4.7	33.8	38.5

Longer-term strategic benefit of seed capital programme

Financial results

Foreign exchange

- Translation effect on non-Sterling balance sheet items: £21.0 million gain versus £20.1 million gain in prior year
 - Over the period, GBP/USD moved from 1.57 to 1.32
 - Reduced US dollar cash exposure through US\$225 million of spot sales
- Other P&L FX effects in FY2015/16:
 - Translation of net management fees +£13.2 million
 - FX hedges +£1.1 million
 - Seed capital +£19.5 million (and £14.3m in OCI)
- Current GBP/USD rate benefits translation of management fees
 - Policy is to hedge up to 2/3rds of budgeted management fees using zero-cost collars

FX sensitivity: GBP/USD

- ~£8.5 million PBT for 5c movement in GBP/USD rate
 - £4.5 million for cash deposits
 - £4.0 million for seed capital

Currency exposure of cash⁽¹⁾

	30 June 2016 £m	%	30 June 2015 £m	%
US dollar	119.1	33	137.4	38
Sterling	212.6	60	205.0	56
Other	26.7	7	22.7	6
Total	358.4		365.1	

(1) Excludes consolidated funds. See Appendix for reconciliation to statutory consolidated cash flow statement

Currency exposure of seed capital

	30 June 2016 £m	30 June 2015 £m
US dollar	189.2	150.1
Indonesian rupiah	33.9	36.5
Brazilian real	-	7.0
Other	15.4	13.4
Total	238.5	207.0

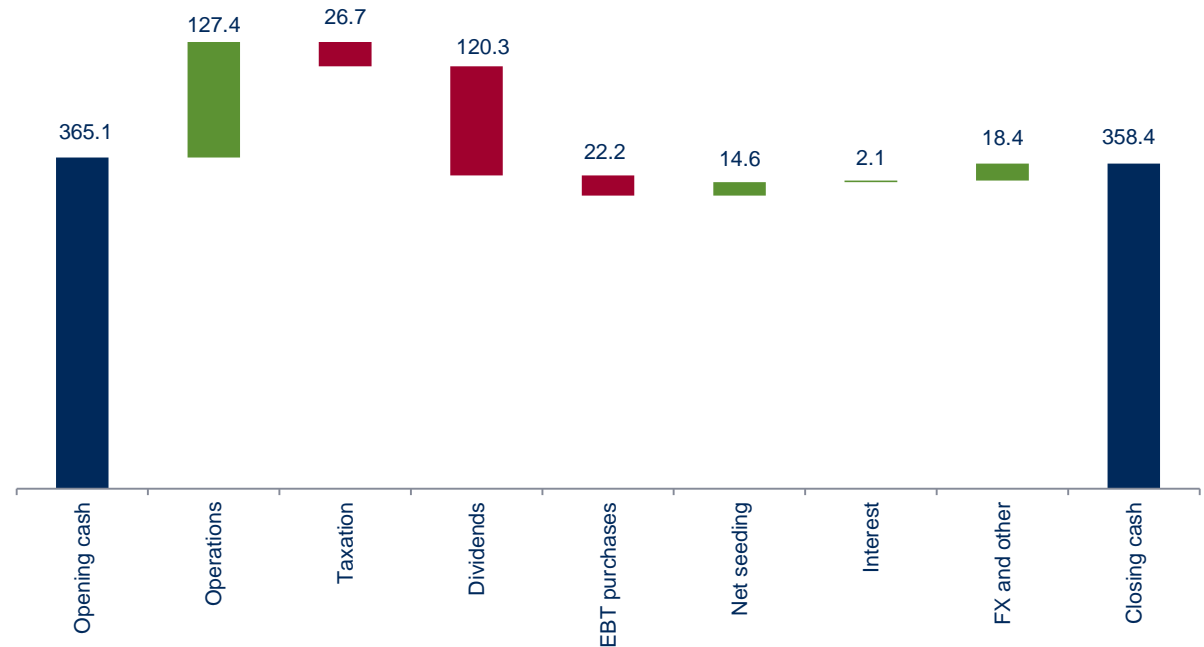
Weaker Sterling benefits revenues and balance sheet values

Financial results

Cash flow

- Operations generated cash flow of £127.4 million ⁽¹⁾
 - 97% of adjusted EBITDA (FY2014/15: 107%)
- Uses of cash:
 - Tax payment
 - EBT purchases to offset dilution, now fully covered prior to 2016 awards
 - Dividends to shareholders
- Seed capital activity generated cash during the period
- FX translation benefit

Cash flow (£m) ⁽¹⁾



(1) Excludes consolidated funds. See Appendix for reconciliation to statutory consolidated cash flow statement

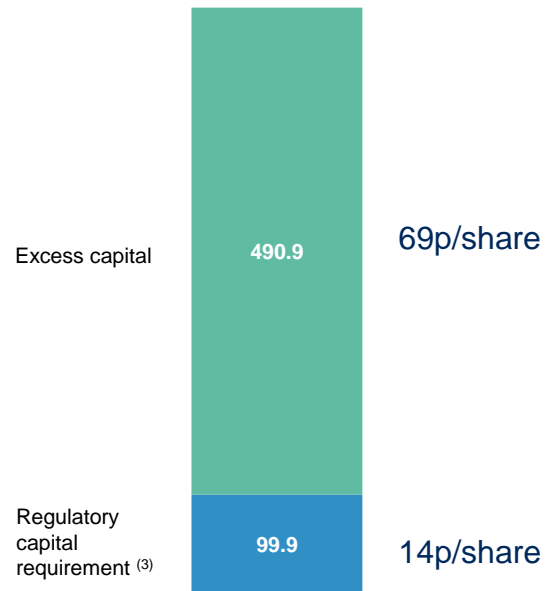
Consistent strong cash generation

Financial results

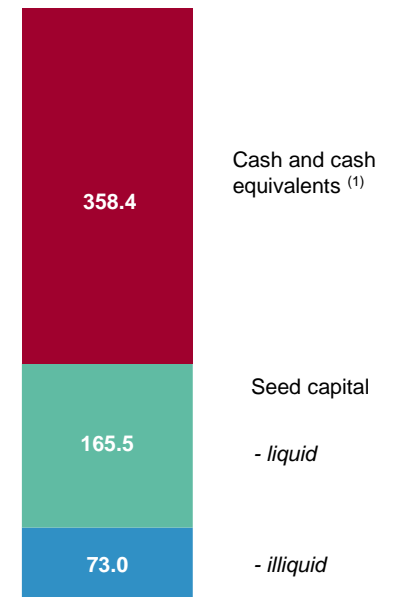
Balance sheet

- Strong, well-capitalised, liquid balance sheet with no debt
- Excess regulatory capital of £490.9 million
 - Solvency ratio of 491%
- 89% of balance sheet is liquid
 - Majority of seed capital is in funds with at least monthly dealing frequency

Financial resources = £590.8 million ⁽²⁾



Liquid balance sheet structure ⁽⁴⁾



(1) Excludes consolidated funds. See Appendix for reconciliation to statutory consolidated cash flow statement

(2) Total equity less deductions for intangibles, goodwill and associates

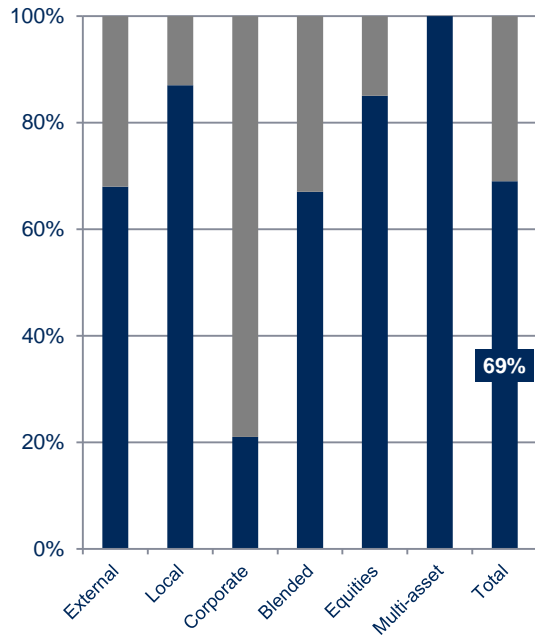
(3) Per Pillar 3 disclosures as at 30 June 2016

(4) Other net assets/liabilities of £(6.1) million

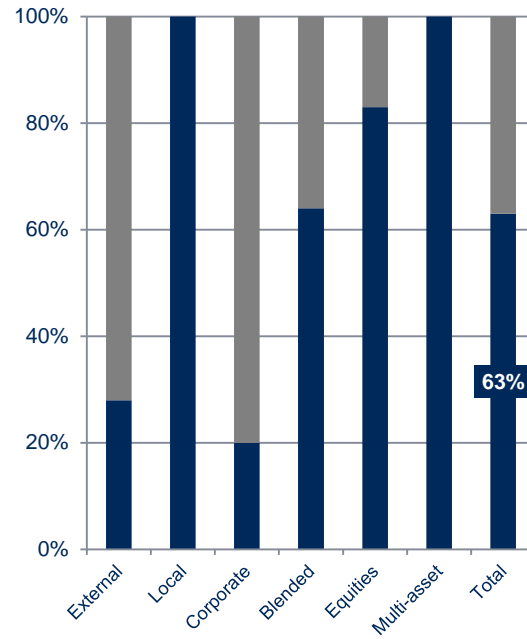
Strong, liquid balance sheet

Investment performance

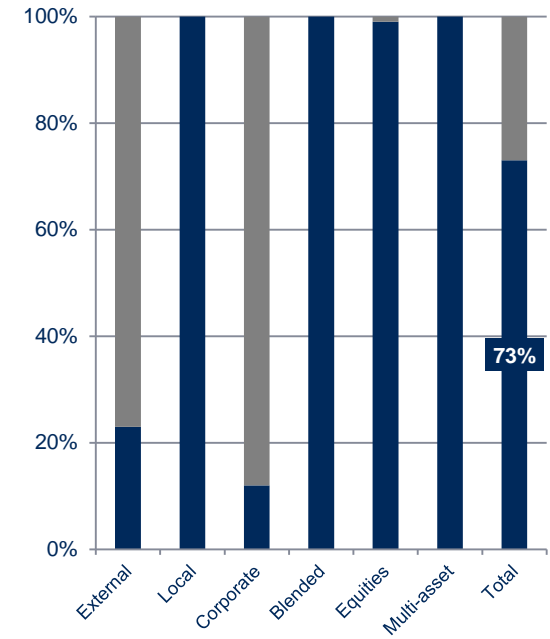
AuM outperforming versus benchmark, gross 1 year annualised



AuM outperforming versus benchmark, gross 3 years annualised



AuM outperforming versus benchmark, gross 5 years annualised



■ Outperforming ■ Underperforming

- Significant improvement during H2 in 1 year and 3 years performance
 - As at 31 Dec 2015, 1 year was 55% and 3 years was 14% of Group AuM outperforming
 - Risk added to portfolios in weaker markets
 - Removal of underperformance from early stage of ‘taper tantrum’ (May - June 2013)

Active investment processes delivering

Consistent investment approach

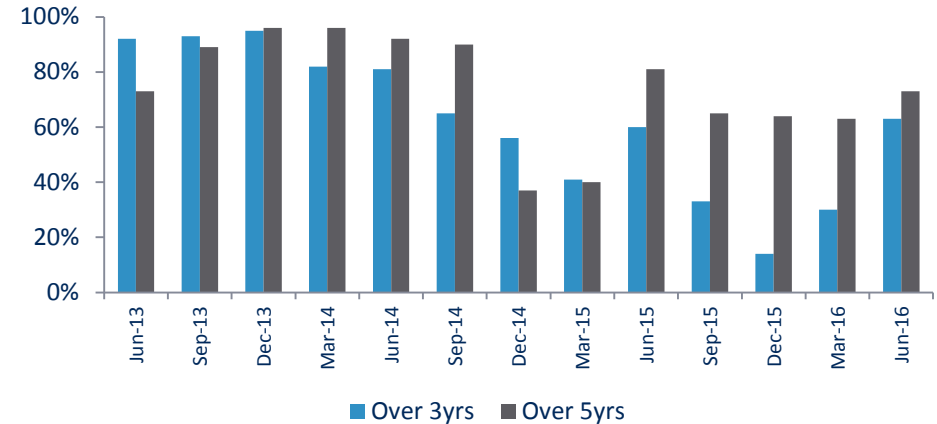
Value-based investment processes

- Opportunities over past three years to buy oversold assets
- Economic and political reality restores sentiment and prices
- Diversity and inefficiency of EM requires an active, specialist manager

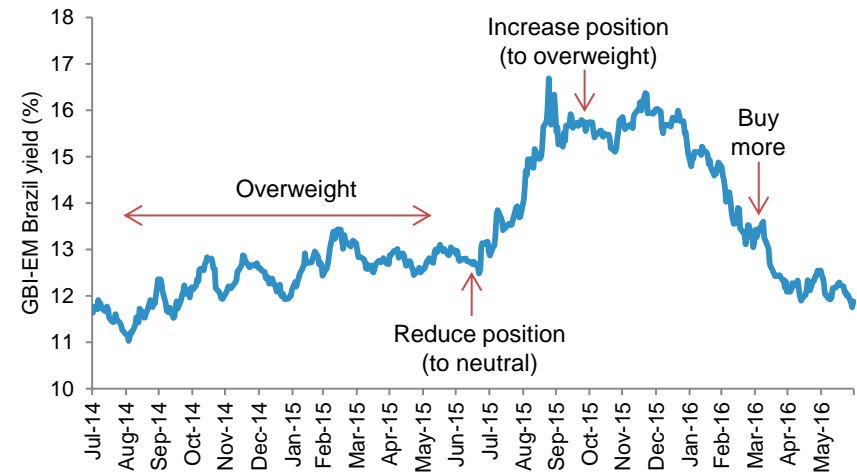
Value in Brazil: economic & political analysis generating alpha

- Overweight, but cut to neutral when fiscal plan was in doubt
- Potential political changes as a consequence of Lava Jato
- Broad EM sell-off pushed yields to ~17%, implying >400bps of rate hikes
- Active investing generated 150bps of alpha over past 12m
 - Being long BRL added a further 50bps

Group AuM outperforming benchmarks (gross)



Brazil local currency bonds

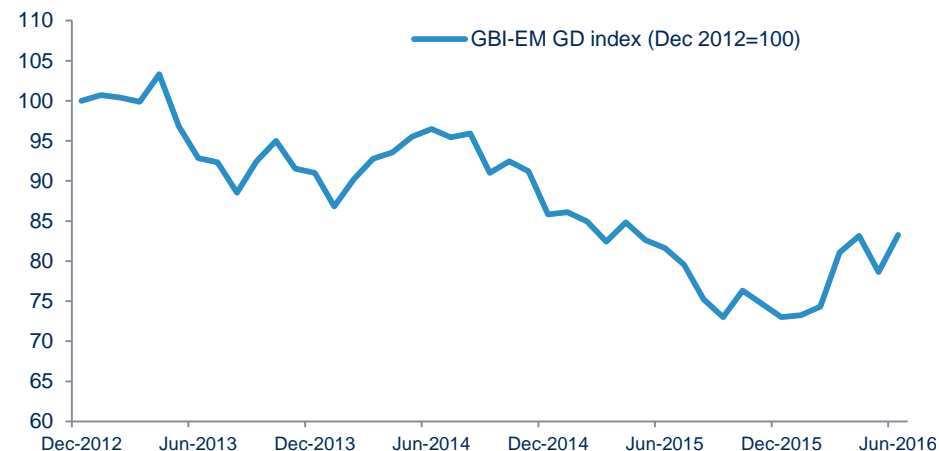


Inefficient markets provide good investment opportunities

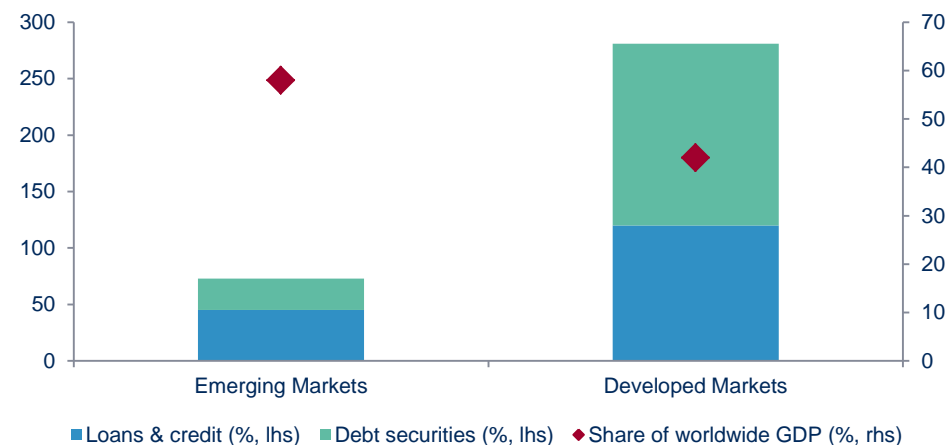
Attractions of Emerging Markets versus Developed Markets

- EM GDP growth premium is expanding, first time since 2011
 - Cyclical upswing in EM after significant macro adjustment
 - DM has structural growth impediments, e.g. 281% debt/GDP and low savings rates
- Paid to take risk and hold Emerging Markets debt
 - High nominal and real yields provide income and scope for conventional policy stimulus
 - US\$9.4trn of DM bonds have negative yields (~1/3rd of JP Morgan Global Bond Index), with implied capital losses
- Valuations favour EM after >3 years of challenging conditions
 - Investors are underweight or have no exposure after selling EM to fund QE momentum trades
 - Strong technical position underpins further rally in EM
 - EM yields are virtually the same as pre financial crisis, when Fed Funds Rate was 5.375%
 - More balanced outlook for USD/EM FX

Substantial value available in Emerging Markets



Indebtedness and share of worldwide GDP



Risk/reward skewed heavily in Emerging Markets' favour

Summary

- Market conditions improving
- Consistent investment processes delivering outperformance
- Business model and strong balance sheet deal with market cycles
 - Cost discipline, high profitability and strong cash generation
- Emerging Markets attractiveness and value opportunities are clear
 - Weaker prospects in Developed Markets
- Emerging Markets investor sentiment continues to improve

Appendices

Appendix 1

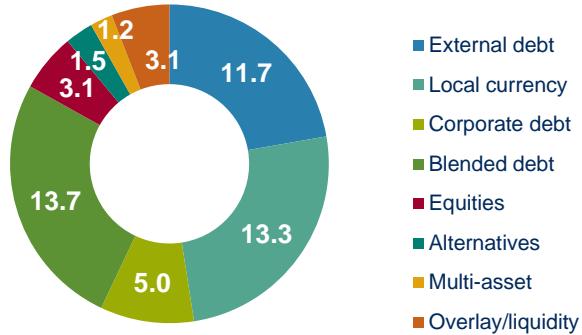
Net management and performance fees by theme

	FY2015/16 £m	FY2014/15 £m	FY2015/16 US\$m	FY2014/15 US\$m
External debt	37.0	45.8	54.5	72.0
Local currency	40.5	46.6	59.4	73.3
Corporate debt	21.9	30.9	32.1	48.7
Blended debt	52.3	63.6	76.6	100.2
Equities	22.3	32.2	32.7	50.5
Alternatives	10.9	12.6	15.9	20.0
Multi-asset	7.8	12.5	11.6	19.7
Overlay / liquidity	3.2	3.1	4.6	4.9
Total net management fee income	195.9	247.3	287.4	389.3

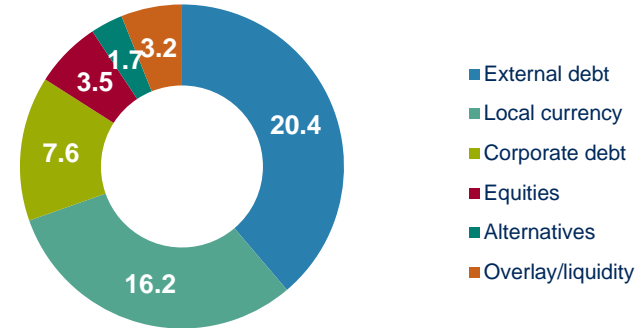
	FY2015/16 £m	FY2014/15 £m	FY2015/16 US\$m	FY2014/15 US\$m
External debt	1.5	6.8	2.1	11.1
Local currency	0.1	0.3	0.2	0.4
Corporate debt	0.2	0.1	0.2	0.1
Blended debt	0.1	0.1	0.1	0.2
Equities	-	0.3	-	0.4
Alternatives	8.5	4.8	12.5	7.6
Multi-asset	-	0.9	-	1.4
Overlay / liquidity	-	-	-	-
Total performance fee income	10.4	13.3	15.1	21.2

Appendix 2a Assets under management

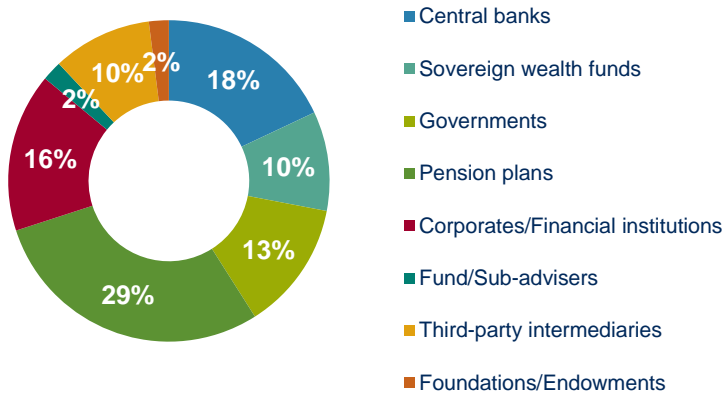
AuM by theme (US\$bn)



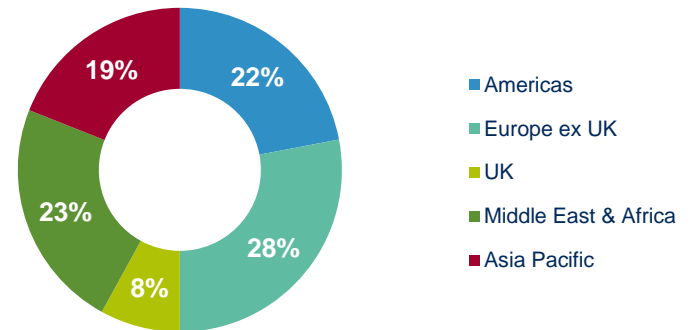
AuM as invested (US\$bn)



AuM by client type



AuM by client location



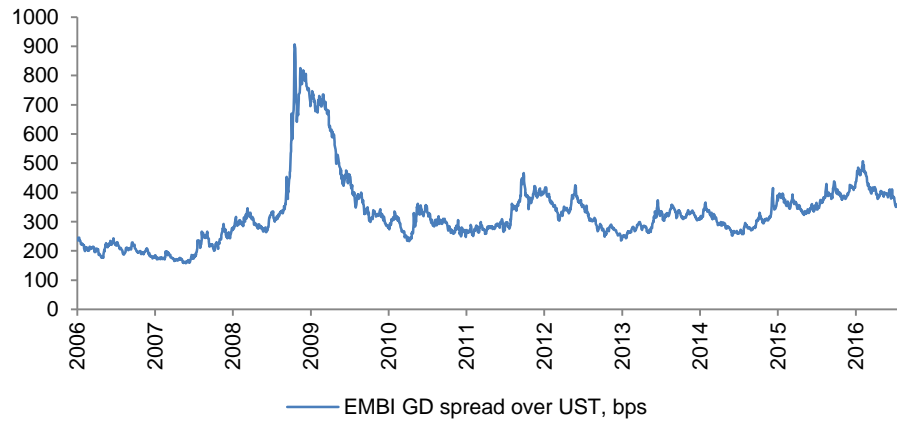
Appendix 2b

Investment themes

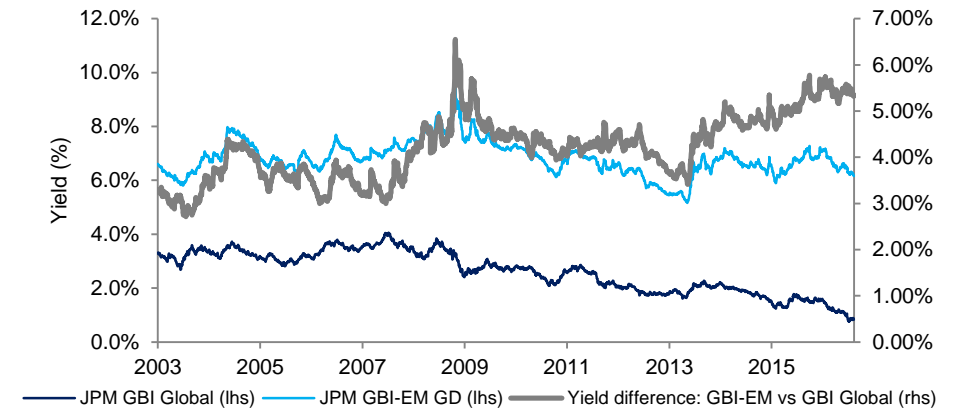
	External Debt (US\$11.7bn)	Local Currency (US\$13.3bn)	Corporate Debt (US\$5.0bn)	Equities (US\$3.1bn)	Alternatives (US\$1.5bn)	Overlay/ Liquidity (US\$3.1bn)
Global Emerging Markets Sub-themes	<ul style="list-style-type: none"> Broad Sovereign Sovereign, investment grade Short duration 	<ul style="list-style-type: none"> Bonds Bonds (Broad) FX FX+ Investment grade 	<ul style="list-style-type: none"> Broad High yield Investment grade Local currency Private Debt Short duration 	<ul style="list-style-type: none"> Global EM Value Global Small Cap Global Frontier Global Equity Opportunities 	<ul style="list-style-type: none"> Private Equity <ul style="list-style-type: none"> Healthcare Infrastructure Special Situations Distressed Debt Real Estate 	<ul style="list-style-type: none"> Overlay Hedging Cash Management
	Blended Debt (US\$13.7bn)					
	<ul style="list-style-type: none"> Blended debt 	<ul style="list-style-type: none"> Investment grade 	<ul style="list-style-type: none"> Absolute return 			
Regional / Country focused Sub-themes		<ul style="list-style-type: none"> China Indonesia Turkey 	<ul style="list-style-type: none"> Latin America Asia 	<ul style="list-style-type: none"> Africa China India Indonesia Latin America Middle East Turkey 	<ul style="list-style-type: none"> Andean Asia India 	
Multi-asset (US\$1.2bn)						
<ul style="list-style-type: none"> Global 						

Appendix 2c Historical valuations relative to Developed Markets

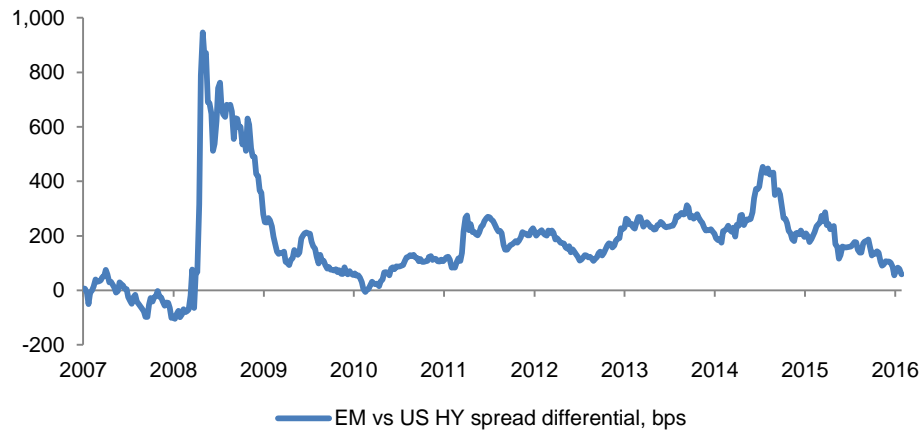
External debt



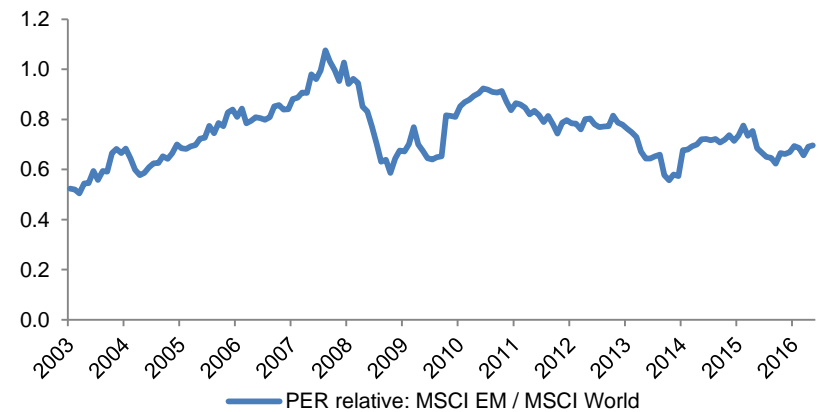
Local currency



Corporate debt

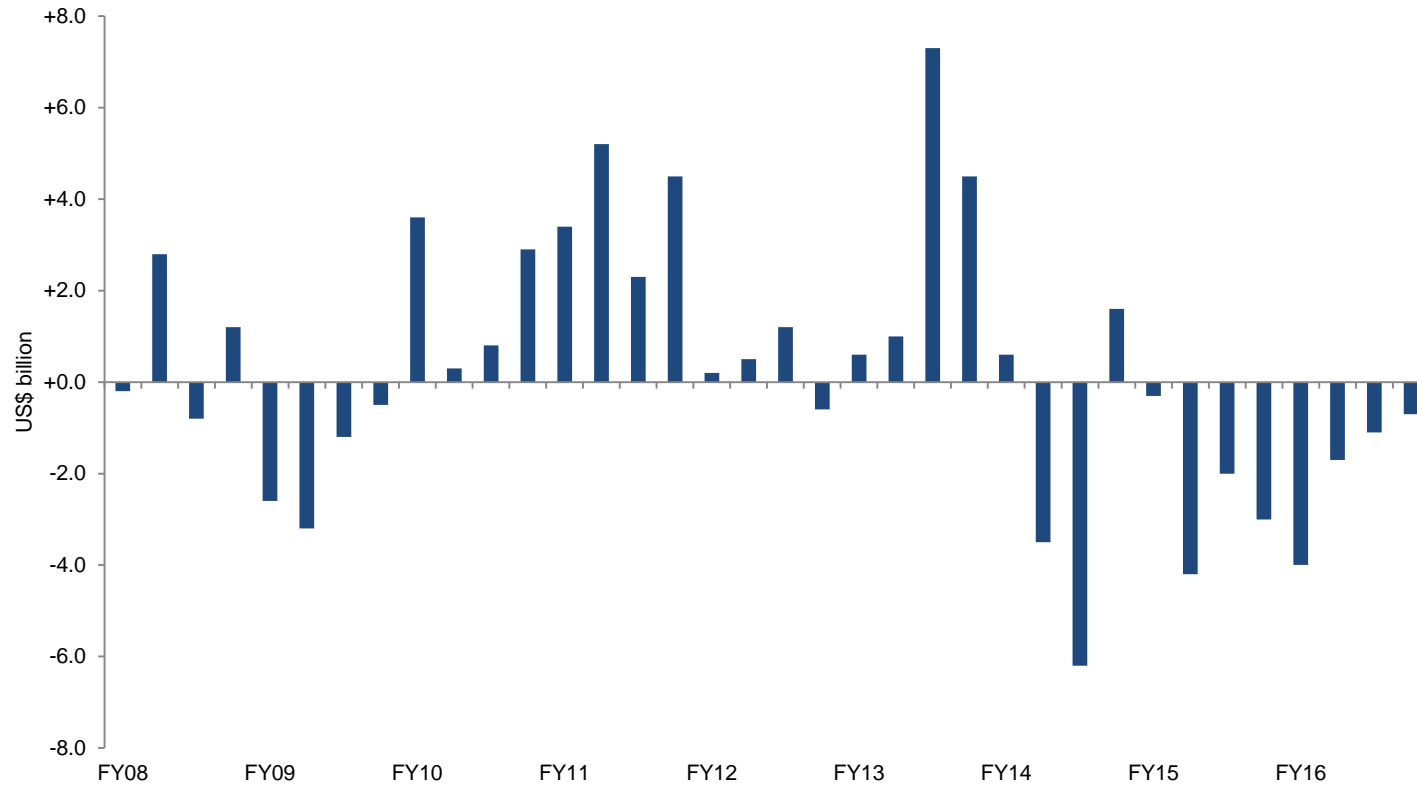


Equities



Appendix 2d

Quarterly net flows



Appendix 3

AuM movements by theme and fund classification

US\$bn	AuM 30 June 2015	Performance	Gross subscriptions	Gross redemptions	Net flows	Other*	AuM 30 June 2016
External debt	12.0	0.9	1.0	(2.7)	(1.7)	0.5	11.7
Local currency	15.2	0.2	2.0	(4.1)	(2.1)	-	13.3
Corporate debt	7.2	(0.1)	1.1	(2.5)	(1.4)	(0.7)	5.0
Blended debt	15.7	0.7	0.9	(3.8)	(2.9)	0.2	13.7
Equities	3.8	(0.5)	0.6	(0.8)	(0.2)	-	3.1
Alternatives	0.8	0.1	0.8	(0.2)	0.6	-	1.5
Multi-asset	1.6	-	0.2	(0.6)	(0.4)	-	1.2
Overlay / liquidity	2.6	(0.1)	1.0	(0.4)	0.6	-	3.1
Total	58.9	1.2	7.6	(15.1)	(7.5)	-	52.6

US\$bn	30 June 2016	30 June 2015
Ashmore sponsored funds	14.2	15.2
Segregated accounts	36.7	40.9
White label / other	1.6	2.8
Total	52.6	58.9

* Reclassification following a change in investment guidelines for those assets

Appendix 4

Cash flows and consolidated funds

£millions	As reported	Consolidated funds	Group ex funds
Cash from operations	125.2	(2.2)	127.4
Taxation	(26.7)	-	(26.7)
Interest received	6.8	4.7	2.1
Seeding activities	1.1	(13.5)	14.6
Dividends paid	(120.3)	-	(120.3)
Treasury/own shares	(22.2)	-	(22.2)
FX and other	29.3	0.9	18.4
Increase/(decrease) in cash	(16.8)	(10.1)	(6.7)
Opening cash & cash equivalents	380.8	15.7	365.1
Closing cash & cash equivalents	364.0	5.6	358.4

Appendix 5

Adjusted profits

	Statutory FY2015/16 £m	Seed capital-related items £m	FX translation £m	Adjusted FY2015/16 £m
Net revenue	232.5	-	(21.0)	211.5
Investment securities & third-party interests	(2.3)	2.3	-	-
Operating expenses ¹	(87.2)	2.4	4.2	(80.6)
EBITDA	143.0	4.7	(16.8)	130.9
<i>EBITDA margin</i>	62%	-	-	62%
Depreciation & amortisation	(5.1)	-	-	(5.1)
Net finance income	31.3	(9.8)	(19.5)	2.0
Associates & joint ventures	(1.7)	-	-	(1.7)
Seed capital-related items	-	5.1	-	5.1
Profit before tax excluding FX translation	167.5	-	(36.3)	131.2
FX translation	-	-	36.3	36.3
Statutory profit before tax	167.5	-	-	167.5

1. For the purposes of presenting 'Adjusted profits', operating expenses have been adjusted for the 20% variable compensation on FX translation gains and losses.

Appendix 6 Foreign exchange

Closing rates	30 June 2016	30 June 2015
GBP:USD	1.3234	1.5712

Average rates	FY2015/16	FY2014/15
GBP:USD	1.4759	1.5822

Appendix 7

Investment performance

30 June 2016	1yr		3yr		5yr	
	Ashmore	Benchmark	Ashmore	Benchmark	Ashmore	Benchmark
External debt						
Broad	13.2%	9.8%	6.9%	7.2%	6.2%	6.5%
Sovereign	13.4%	9.8%	7.7%	7.2%	7.1%	6.5%
Sovereign IG	8.4%	8.4%	6.2%	6.6%	5.8%	5.7%
Local currency						
Broad	0.4%	-1.0%	-2.2%	-3.0%	-1.4%	-2.9%
Bonds	2.8%	2.0%	-3.2%	-3.6%	-1.8%	-2.2%
Corporate debt						
Broad	-2.8%	5.3%	1.8%	5.7%	3.6%	5.4%
HY	-8.6%	4.8%	-1.3%	5.2%	2.6%	5.0%
IG	5.5%	5.4%	5.7%	5.8%	5.8%	5.6%
Blended debt						
Blended	9.9%	5.1%	4.0%	1.9%	4.4%	1.9%
Equities						
Global equities	-12.9%	-12.1%	-3.8%	-1.6%	-5.7%	-3.9%
Global small cap	-9.2%	-12.8%	1.8%	0.0%	-0.9%	-2.3%

Source: Ashmore (un-audited), JP Morgan, Morgan Stanley

- Returns gross of fees, dividends reinvested.

- Annualised performance shown for periods greater than one year.

- All relevant Ashmore Group managed funds globally that have a benchmark reference point have been included; specifically this excludes Alternatives and Multi-asset funds

Benchmarks

External debt Broad	JPM EMBI GD
External debt Sovereign	JPM EMBI GD
External debt Sovereign IG	JPM EMBI GD IG
Local currency Broad	JPM ELMI+
Local currency Bonds	JPM GBI-EM GD
Blended debt	50% EMBI GD 25% GBI-EM GD 25% ELMI+
Corporate debt Broad	JPM CEMBI BD
Corporate debt HY	JPM CEMBI BD NIG
Corporate debt IG	JPM CEMBI BD IG
Global equities	MSCI EM net
Global small cap	MSCI EM Small Cap

IMPORTANT INFORMATION

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