MEETING THE CHALLENGE WITH CONTINUED FOCUS

Ashmore

Annual Report and Accounts 2020

Contents

2020 highlights

Assets under management (AuM)
US$83.6bn
2019: US$91.8bn
-9% YoY

Adjusted EBITDA margin
68%
2019: 66%

AuM outperforming benchmarks (3 years)
17%
2019: 97%

Profit before tax
£221.5m
2019: £219.9m
+1% YoY

Net revenue
£330.5m
2019: £314.3m
+5% YoY

Diluted EPS
25.7p
2019: 25.0p
+3% YoY

Dividends per share
16.90p
2019: 16.65p
+2% YoY

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

More information

Non-GAAP alternative performance measures are defined on page 34.
Five-year comparatives for other alternative performance measures are included in the five-year summary on page 171.

MEETING THE CHALLENGE WITH CONTINUED FOCUS

Ashmore's purpose, as a specialist Emerging Markets investment manager, is to deliver long-term investment performance for clients and generate value for shareholders through market cycles. In pursuing these objectives, Ashmore aims to ensure that its culture and working practices recognise its broader set of stakeholders.

How Ashmore's purpose aligns with and benefits its stakeholders

Focuses on delivering long-term performance for **clients**

Creates value for **shareholders** through market cycles, underpinned by a strong alignment of interests through employee equity ownership

Promotes a team-based culture with a clear 'tone from the top' and a collaborative working environment for the Group's **employees**, its most important asset

Recognises the impact the Group's activities may have on broader **society** and takes this responsibility seriously

Manages the complexity and requirements of multiple **regulatory** jurisdictions across the Group's operations and investments in emerging countries

Read on to learn about how Ashmore delivers value through market cycles

FOCUS ON THE OPPORTUNITY

A consistent strategy

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

1

Establish Emerging Markets asset classes

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

2

Diversify investment themes and developed world capital sources

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

3

Mobilise Emerging Markets capital

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

Opportunity	Progress in 2020	Potential sources of risk
– Developed world investors hold US$80 trillion of assets and are profoundly underweight Emerging Markets: target allocations are less than 10% compared with global benchmark weights of 10% to 20%	– Ashmore's clients continue to raise allocations to Emerging Markets. Approximately 80% of institutional net flows were from existing clients increasing allocations within existing mandates or broadening their Emerging Markets investments – Investor risk appetite was impacted by COVID-19 crisis in second half of the financial year	– Sentiment towards, and fundamental performance of, Emerging Markets – Long-term investment performance
– The Emerging Markets investment universe continues to grow and diversify, and Ashmore strives to be at the forefront of accessing new market opportunities as they arise – Diversifying revenue streams provides greater stability through the cycle	– Ashmore's equities business performed well this year, delivering net flows in every quarter and totalling US$1.2 billion over the year – Launched and seeded Equity ESG fund – Client demand was broad-based across Ashmore's investment themes	– Potential constraints on longer-term growth such as competition
– Investable capital in Emerging Markets is growing more than 3x faster than in Developed Markets – This presents a significant growth opportunity in local asset management platforms, as well as cross-border Emerging Markets opportunities over the longer term	– Ashmore Indonesia undertook an IPO and listed on the Jakarta Stock Exchange in January 2020 – Local asset management platforms manage US$5 billion, 6% of the Group's total AuM – More than a quarter (26%) of Group AuM is sourced from clients in the Emerging Markets	– Managing the development of overseas offices, including local asset management platforms in Emerging Markets
SEE PAGES 20-27 FOR ASHMORE'S MARKET AND INVESTMENT THEMES REVIEW	*SEE PAGES 28-34 FOR ASHMORE'S BUSINESS REVIEW*	*SEE PAGES 35-41 FOR ASHMORE'S PRINCIPAL RISKS*

MEETING THE CHALLENGE THROUGH STRONG FUNDAMENTALS

A distinctive and robust business model

Ashmore's business model supports its growth strategy and is designed to create value for the Group's stakeholders through market cycles.

The model converts the structural growth opportunities in Emerging Markets to deliver positive outcomes for Ashmore's clients, shareholders and employees as well as recognising Ashmore's responsibilities to a broader set of stakeholders including society.

SEE PAGES 42 TO 45 FOR ASHMORE'S SECTION 172 STATEMENT

Active management delivering long-term investment performance

Ashmore's established investment processes have delivered long-term investment performance for clients over nearly three decades. This drives growth in AuM, revenues and profits over the longer term.

SEE PAGES 6 TO 9 FOR ASHMORE'S INVESTMENT PROCESSES

Strong alignment of interests and significant cost flexibility

In a 'people business', the alignment of interests between employees, clients and shareholders is critical. This is primarily achieved by the team-based approach to investment management and a remuneration philosophy that places an emphasis on performance-related pay with a significant bias to long-dated equity awards and high levels of employee equity ownership. When combined with a low fixed operating cost model and continued cost discipline, this provides significant flexibility in the Group's cost base to enable it to respond to changes in the revenue environment.

Value creation for shareholders

The delivery of investment performance for clients results in diversified AuM growth, which the business model translates efficiently into financial performance and long-term value creation for shareholders.

Resilience through market cycles

The salient characteristics of the model have been sustained through bull and bear markets. Importantly, they provide resilience and protect shareholder returns when confronted with more challenging market conditions, such as experienced in the second half of the financial year. In particular:

- The Group's balance sheet is well-capitalised and liquid with financial resources of approximately £700 million, more than £550 million in excess of the Group's Pillar II regulatory capital requirement, and includes around £500 million of cash. Ashmore has no debt. This not only provides resilience but also enables continued investment, for example in the seed capital programme.
- The remuneration policy underpins a highly flexible cost base that delivers a high operating margin and protects returns for shareholders through market cycles.

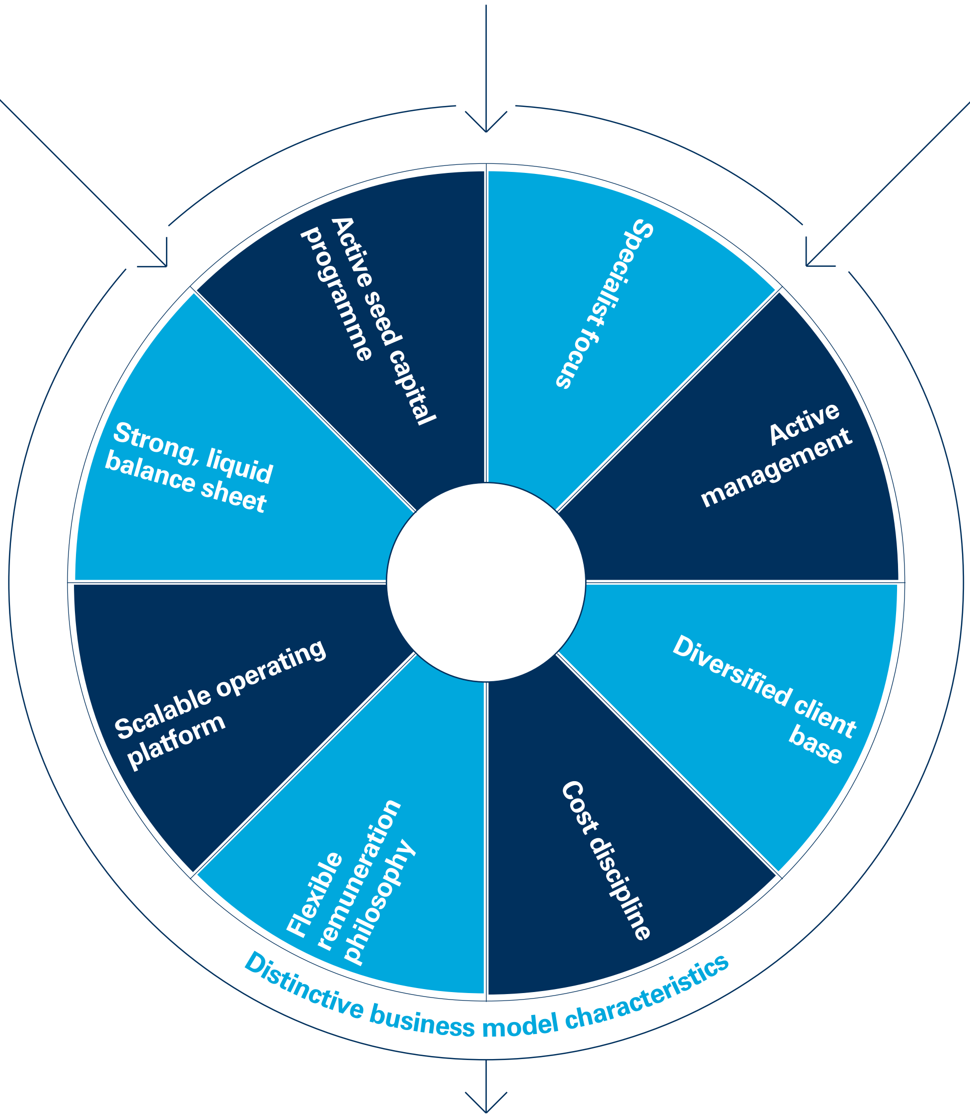
SEE PAGES 28 TO 34 FOR ASHMORE'S BUSINESS REVIEW

Structural growth opportunities

High-return, diversified range of Emerging Markets investment themes

Powerful political, social and economic convergence trends

Investor allocations have to increase significantly to match global index weights



Delivering value through the cycle

Strong long-term investment performance for clients	Consistent investment philosophy followed since 1992	Significant alpha delivered through market cycles	
Interests aligned through employee equity ownership	Variable remuneration biased towards long-dated equity awards	Employees own more than 40% of Ashmore	
Value for shareholders	68% adjusted EBITDA margin	Strong cash generation	Progressive dividend policy

A CONSISTENT INVESTMENT APPROACH

Understanding Ashmore's investment processes

Ashmore's investment philosophy has been followed consistently since the Group launched its first fund in October 1992. There are defining characteristics that are applied across asset classes as well as specific principles that recognise the key differences between, for example, investing successfully in the fixed income and equity markets.

Investment committees

At the core of the philosophy is a committee-based approach to managing client portfolios. This provides a highly institutionalised, team-based framework that seeks to reduce as far as possible the key man risk inherently present in active investment management, and results in a 'no star' culture in which no individual is single-handedly responsible for investment decisions.

Inefficient asset classes

The Emerging Markets fixed income and equity asset classes are large and diversified, as described in the Market review, but also highly inefficient. This manifests itself in relatively low index representation and volatility in security prices that can be heavily influenced over short time periods by broad investor sentiment rather than underlying economic, political and company fundamentals. Consequently, Ashmore actively manages portfolios to exploit these inefficiencies and to generate long-term outperformance for clients.

Proprietary research

Ashmore's long history of specialising in Emerging Markets means that proprietary research is an important component of investment idea generation. Portfolio managers generate ideas through many sources, including extensive travel and relationships with a network of contacts built up over nearly three decades of investing. These insights are shared across asset classes, but importantly there is no 'house view' that has to be followed by the investment teams when constructing portfolios. Additionally, Ashmore's local office investment teams in countries such as Colombia, Saudi Arabia, India and Indonesia also collaborate with the global investment committees and can provide valuable 'on the ground' insights as well as benefiting from global macro views to assist in their own independent investment processes.

Active management

Ashmore's experience shows that significant long-term alpha can be delivered through active management and the expression of high conviction ideas in portfolios. The poor index representation of fixed income and equity markets means that alpha can be generated both through active risk against benchmark weights, and through investing in off-benchmark securities. The latter does not necessarily mean instruments are less liquid or have significantly different risk characteristics, it simply means that they do not conform to the strict eligibility criteria of the benchmark index provider.

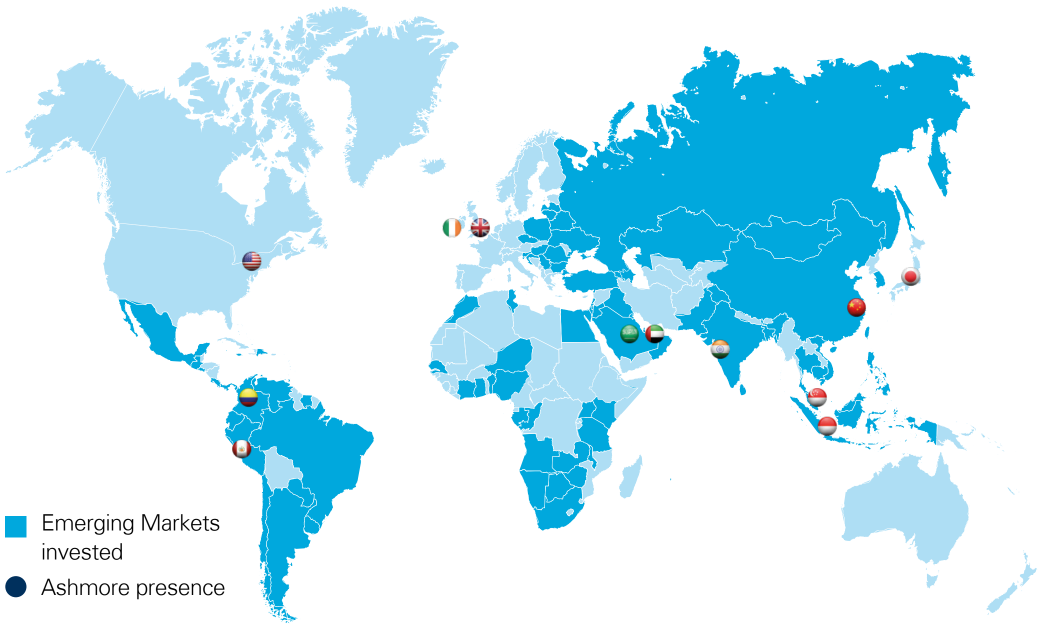
81

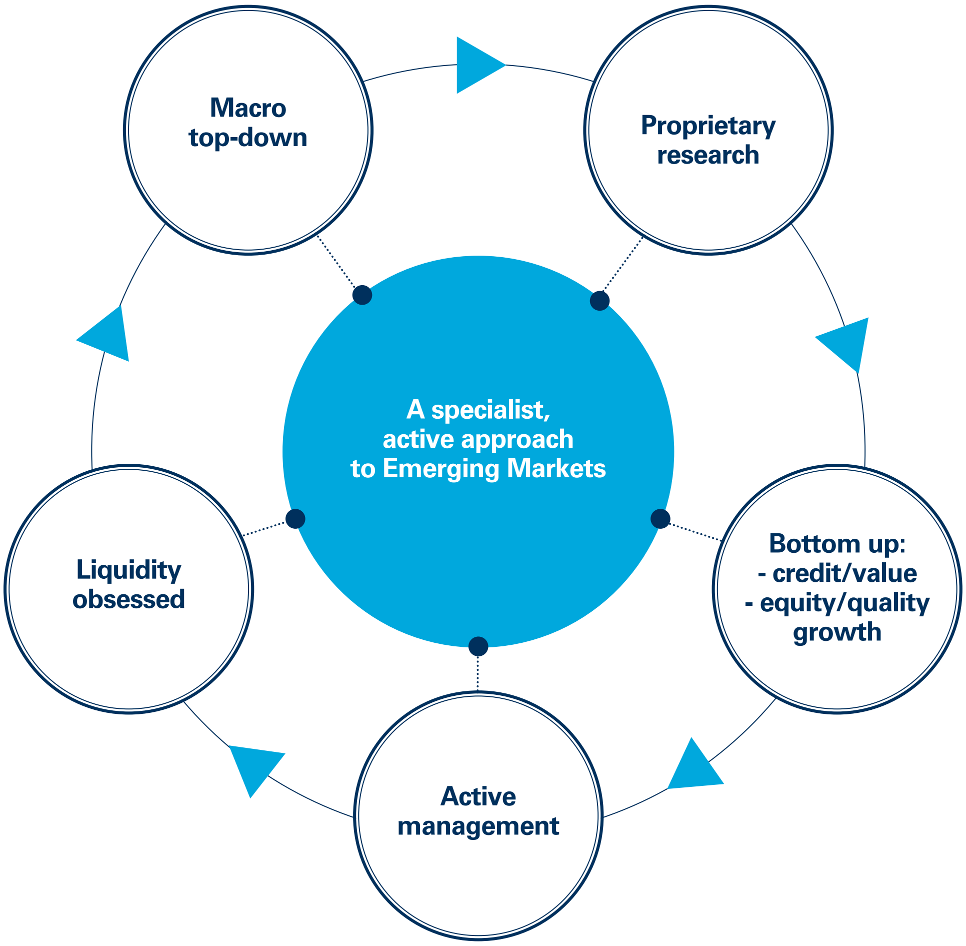
Emerging Markets countries represented in portfolios

6

Local asset management platforms

Ashmore's Emerging Markets investments and worldwide network





Focus on liquidity
Ashmore has a robust risk management culture and this is especially important in the assessment and management of liquidity within portfolios. As such, the understanding of market liquidity has always been and remains central to the investment processes, since the investment teams must decide and record specific securities to trade and seek to execute any portfolio changes expeditiously. In addition to pre and post-trade compliance oversight, the investment committee reviews all trades to ensure that they comply with the agreed decisions.

The Group's global operating hubs in New York, London and Singapore provide round-the-clock trading capabilities and Ashmore has strong, well-established counterparty trading relationships formed over nearly three decades of specialist, focused investing in Emerging Markets.

Importantly, given that the majority of Emerging Markets securities are issued, owned and traded locally, these relationships include local brokers as well as global investment banks. Hence, as liquidity increasingly moves to local trading venues within the Emerging Markets, Ashmore's portfolio managers are well positioned to source liquidity when executing committee decisions.

Global and local investment teams
Ashmore's common investment philosophy underpins independent decisions taken by its various investment committees. Fixed income and equity investment committees oversee the management of global client portfolios, and local asset management platforms in certain emerging countries invest in local and regional markets on behalf of domestic and global clients.

There is collaboration and sharing of information between the global and local investment teams. There is no 'house view' and each team makes its own independent investment decisions.

ESG integration
Ashmore recognises that non-financial factors can play an important part in ensuring sustainable growth and in building a robust and comprehensive understanding of an issuer, whether corporate or sovereign. Therefore, as a specialist Emerging Markets manager, Ashmore has always considered environmental, social and governance factors in its investment analysis.

Similar to its credit and equity analysis, Ashmore uses a variety of proprietary and third-party tools and data sets to assist in its understanding of ESG risks and opportunities, and how these are reflected in market prices and fair values of securities.

98
Investment professionals

33
Global fixed income team

31
Global equity team

34
Local asset management and alternatives teams

Consistent delivery of long-term outperformance
Ashmore launched its first fund, EMLIP, in October 1992 and has successfully managed the portfolio through periods of market dislocation and volatility in global investor sentiment towards Emerging Markets, in accordance with the investment philosophy and committee-based approach described on these pages.

Since its inception, EMLIP has delivered annualised net returns of +12.5%, comfortably exceeding returns from its benchmark index (+9.8%) and, for comparison, the S&P500 equity index (+9.5%).

This illustrates not only the superior long-term returns available in Emerging Markets, but also the importance of specialist, active asset management in a set of diversified and inefficient asset classes.

A CONSISTENT INVESTMENT APPROACH

Fixed income investment process

Ashmore's fixed income investment committee oversees the management of global client portfolios within the external debt, local currency, corporate debt, blended debt and multi-asset investment themes.

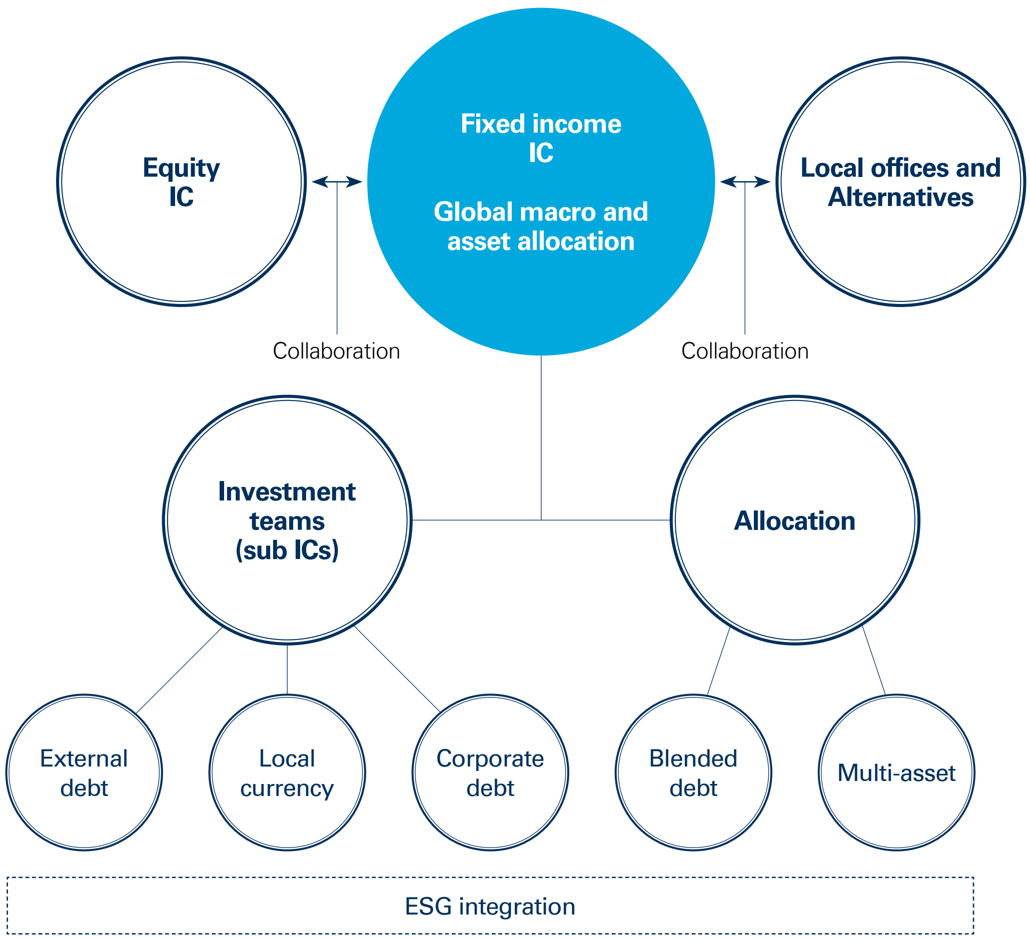
The committee comprises a Chairman, the Head of Research, the relevant fixed income and multi-asset desk heads, and representatives from trading and risk management.

The committee meets weekly and follows an established process, to discuss and analyse the global macro environment, to update individual country and company credit views, and to assess other relevant risk factors including those relating to ESG.

Alongside the relevant asset class investment teams, the committee oversees model portfolio construction and changes to portfolio holdings. It also assesses the relative risks/rewards across investment themes in order to determine the appropriate positioning of blended debt and other multi-asset class strategies.

Ashmore's value-driven active management approach employs a combination of macro top-down views and rigorous bottom-up credit analysis with a focus on determining an issuer's ability and willingness to pay.

Portfolio managers have geographic responsibilities and travel extensively to conduct research, including meetings with company management, government officials, central banks, regulators and other contacts within Ashmore's established network.



While COVID-19 has imposed many travel restrictions, the breadth and depth of Ashmore's relationships means that the research process continues through virtual methods such as video conferences.

This approach combines with desktop analysis to generate investment ideas to present to the investment committee.

In all themes, scenario planning plays an important part in assessing what is priced in to a security, and therefore being able to identify cases where market prices have diverged from underlying fundamentals.

The committee and its investment theme sub-committees have the flexibility to analyse, discuss and act upon market developments between the formal weekly meetings.

The combination of inefficient asset classes and a specialist approach to value-based active management means that Ashmore's investment process is able to deliver significant long-term outperformance for clients, albeit with the potential for shorter-term periods of underperformance typically when markets have become dislocated and the greatest investment opportunities can present themselves.

Equity investment process

Ashmore's equity investment process follows the same investment committee-based approach to active portfolio management. The equity team participates in a common macro discussion in the fixed income IC, but operates independently of the fixed income committee structure. Not only does this broaden the range of investment opportunities and therefore diversify the returns profile, it also enables the Group to benefit from the sharing of research insights, collaboration with local offices, and common risk management and governance principles.

The equity investment committee meets weekly and has responsibility for investment and governance oversight of the Group's listed equity strategies. The committee comprises a Chairman, the senior portfolio managers responsible for the equity sub-themes, and representatives from trading and risk management.

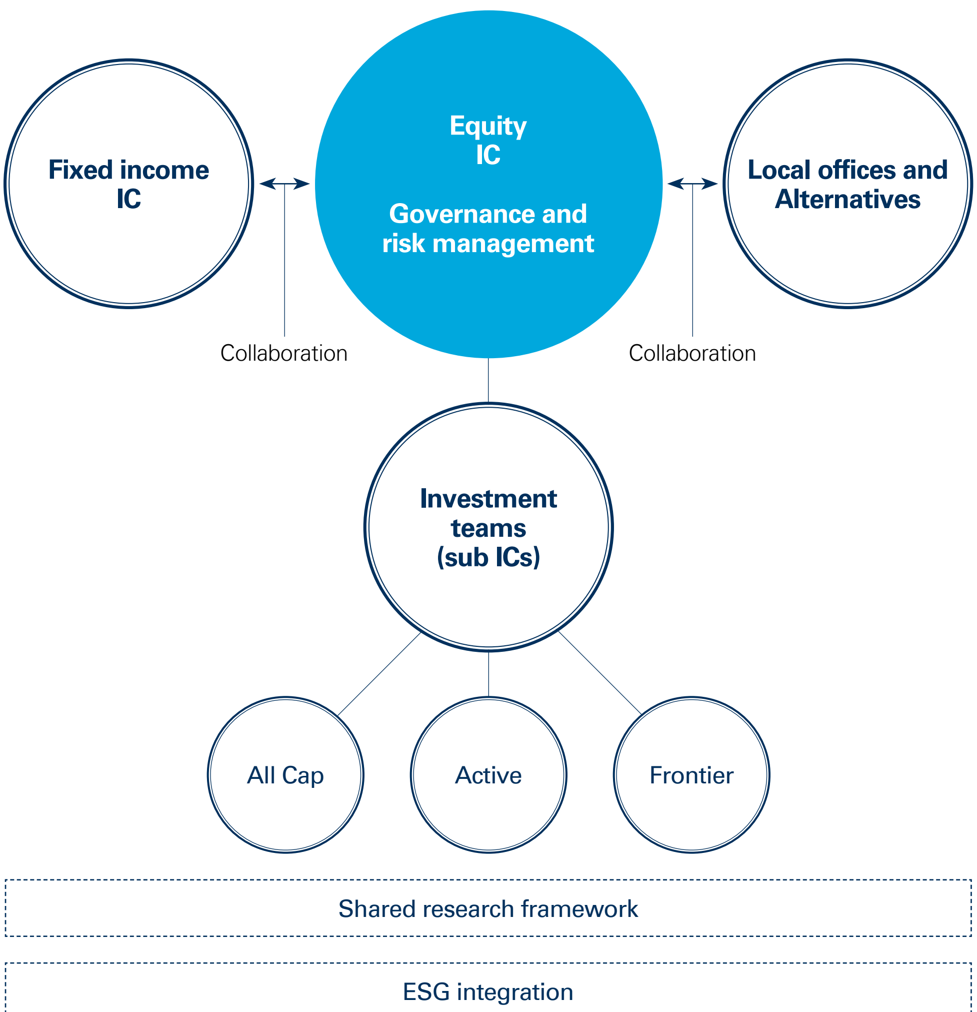
The individual global equity strategies are managed by sub-committees for All Cap equity, Frontier markets equity and Active equity, in the same way that the fixed income teams operate in investment theme sub-committees.

There is a shared research framework among the strategies, ensuring efficient and consistent analysis of investment opportunities. The research is fundamental and primarily proprietary in nature, and includes the explicit integration of ESG factors into the bottom-up company analysis. In common with the fixed income approach, equity portfolio managers have geographic research responsibilities and draw upon a variety of internal and external sources to generate investment ideas for consideration by the investment committees.

Additionally, while there is no house view, the equity investment committee and sub-committees contribute to and use the fixed income global macro analysis as an input to their decision making and portfolio construction. Furthermore, the insights of Ashmore's local investment teams can be important to the global equity investment process.

Ashmore's equity investment philosophy recognises that active management with high conviction idea generation can deliver superior performance over time. Importantly, the investment teams are unconstrained by benchmark indices, which in many cases are unrepresentative of the underlying investment opportunities available to an active manager.

The equity process has a focus on companies that can deliver quality growth, together with the consistent application of valuation discipline and a strong appreciation and understanding of market liquidity when constructing and managing portfolios.



COVID-19

MEETING THE CHALLENGE FOR ALL STAKEHOLDERS

The COVID-19 virus has had a profound effect on societies, economies and markets across the world, and there remains significant uncertainty about its future impact. Ashmore's priorities during this period have been to ensure the health and safety of its employees and to continue to focus on delivering value for its stakeholders. While this crisis is unprecedented in recent memory, and has occurred at the same time as an oil price shock, the Group's business model and culture have meant that it has responded effectively to the challenges and maintained its investment, operational and support activities as close to normal as possible.

Operational impact

Although the nature and impact of the COVID-19 pandemic was not predicted, Ashmore's comprehensive Business Continuity Plan was deployed swiftly and delivered an effective response in the context of the rapid development of government guidance, policies and legislation in each of the countries in which the Group operates. Over a two-week period in mid-March, the firm's approximately 300 employees transitioned successfully from full-time office-based roles to working remotely. This was facilitated efficiently due to Ashmore's single consistent global operating model and robust IT infrastructure, as well as the commitment and dedication of all employees at a time of significant uncertainty. The integrity of Ashmore's remote access environment enables effective management of cyber security risks in the remote working period.

Some working practices were changed early in the crisis, such as no face-to-face meetings and a restriction on travel, and while at the time of writing they remain in place it is expected that they will ultimately prove temporary. Nonetheless, the increased use of 'virtual' communications since the start of 2020 is likely to have a lasting impact on behaviour across the industry.

In line with local government guidelines, certain Ashmore offices have begun to return to office-based operations, with strict social distancing rules in place and team rotations. This approach is coordinated centrally at the Group level so best practice and lessons learned can be shared with other locations as they prepare to make the transition back to office-based working.

Communications

The worldwide impact of the pandemic on working practices means that most elements of the asset management industry have had to employ alternative ways of communicating with stakeholders. In Ashmore's case this has included, for example, a significant increase in the use of video calling systems to enable employees to maintain contact with members of their teams and other colleagues, frequent and regular CEO emails to all employees, ongoing regular contact with the Group's regulators, as well as a letter to stakeholders early in the crisis to provide a comprehensive update and reassurance on the Group's response to the developing situation.

Governance

Ashmore's governance structures have continued to operate effectively, with all Board, committee and other management meetings taking place as planned. The Group's Operating Committee met frequently and regularly to manage the developing impact of COVID-19.

Investment processes

The fall in global markets in Q3 resulted in negative investment performance for the year, as described in the Business review. Ashmore's investment processes, as described on pages 6 to 9, manage client portfolios through investment committees, all of which have continued to operate effectively notwithstanding some constraints imposed by working remotely.

March

Employees
BCP plan implemented, all Group employees swiftly and successfully transitioned to working remotely

Shareholders
Continued participation in investor conferences and meetings as planned, but virtually

Clients
Increased level of interaction, including CEO letter

April

Employees
Increased frequency of 'tone from the top' communications and continuation of 'normal' working practices using technology

Shareholders
Additional disclosure in Q3 AuM statement

Emerging Markets briefing to provide a timely update on market conditions

Clients
Additional, timely briefings focused on market and investment strategy developments

Local offices already participated by telephone in IC meetings and so this has naturally extended to all investment professionals. From a research perspective, interaction with issuers and other counterparties has also transitioned effectively to the new environment through the use of 'virtual' roadshows, video calls and webcasts in the place of travel.

Client interaction

The distribution team faced the challenge of communicating with existing and potential clients as markets experienced a substantial dislocation in February and March, while becoming increasingly restricted in terms of the ability to conduct face-to-face meetings. However, the levels of engagement were high and assisted by an increase in the use of video technology alongside the more traditional methods of communication. While client redemptions increased, Ashmore's focus on liquidity management ensured that they were facilitated even in the more stressed market conditions.

Inevitably some client-related processes have become more protracted in the absence of physical meetings, but as with the investment processes, the transition to a remote working environment has been accomplished without any major issues.

Society

Ashmore encouraged employees, where possible, to support local charitable efforts to meet the serious and pervasive challenges presented by the COVID-19 crisis in the countries in which it operates. The Group made a £250,000 donation to NHS Charities Together in the UK to support the critical efforts of healthcare workers in dealing with the immediate impact of the virus as well as preparing to tackle the longer-term consequences in areas such as resource requirements and staff wellbeing.

Many of the Group's employees made voluntary donations to the Ashmore Foundation, NHS Charities Together and other charities fighting the effects of COVID-19, and Ashmore matched these generous contributions, resulting in further total charitable donations of more than £45,000.

The Group has not furloughed or made redundant any employees as a result of COVID-19 and nor has it voluntarily taken advantage of any government or other support schemes in any of the countries in which it operates.

As the full impact of the virus becomes clearer, the Group will continue to examine ways in which it can contribute to broader recovery efforts in society, including by continuing to support grant organisations in the Emerging Markets through the work of the Ashmore Foundation.

Conclusion

The longer-term impact of COVID-19 remains uncertain with many unknowns, but the principles of investing, the long-term growth opportunity available in Emerging Markets, and the resilience of Ashmore's business model, ensure that the Group is well-positioned to meet the challenges and opportunities resulting from the crisis.

Ashmore's infrastructure continues to support effective remote working, but as explained on page 12, the Group's culture is centred on teams operating in offices. It is therefore recognised that a transition back to this way of working is desirable, but the health of employees is paramount and so a decision to return to offices will be taken only when it is safe and appropriate to do so, and always in accordance with local government advice.

May

Shareholders
Continued to participate in virtual conferences

Society
Ashmore Group plc donation to NHS Charities Together

Matched employee donations

June

Employees
Employees return to some offices in Asia on a rotational basis, in accordance with local guidelines

Shareholders
Replaced planned investor roadshows with telephone and video calls

July

UNDERSTANDING ASHMORE'S TEAM-BASED CULTURE

Ashmore has a distinctive team-based culture that has been preserved over the Group's history, as it has grown from being a predominantly London-based firm with a relatively small number of employees 15 years ago, to having approximately 300 employees in 11 offices worldwide today.

Ultimately, culture is a reflection of common beliefs and behaviours and at Ashmore these are evident across the firm and instilled and supported by factors such as the Group's remuneration philosophy, a robust compliance and risk management framework, and a clear 'tone from the top' imparted by the Board of Directors and senior executives.

Ashmore's culture is appropriate for a specialist asset management firm operating in distinctive markets and with significant long-term growth potential. It aligns the interests of employees, clients, shareholders and other stakeholders over the longer term, supports and reinforces the principal features of the business model, and underpins the achievement of the Group's strategic objectives.

Efficient, team-based operations

The Group's management structure is efficient with a relatively flat hierarchy that minimises bureaucracy and supports swift decision making with clear accountability.

Ashmore's investment committees oversee the management of client portfolios by investment teams, which operate with collective responsibility. This results in a 'no star' fund manager culture, which reduces key man risk and instils appropriate behaviours.

This team-based approach is echoed across the firm's operations including distribution and support functions, which means Ashmore has a collegiate, collaborative, client-focused and mutually-supportive culture across the whole firm. The lack of individual profit centres or operational silos, together with a culture of shared equity ownership, means that Ashmore's employees are incentivised to collaborate in order to achieve appropriate outcomes for the business as a whole.

Remuneration philosophy aligns interests and underpins the culture

Ashmore has a single remuneration policy that means the Executive Directors are remunerated in substantially the same way as all other Group employees. This is an important factor in preserving a common culture across the firm.

The policy places a cap on salaries and therefore means the emphasis is on performance-related variable remuneration. Importantly, the annual variable remuneration pool is determined by reference to the firm's operating profit and is also capped, therefore individual employees' remuneration is intrinsically linked to the performance of the business as a whole in addition to an assessment of their performance during the period.

A significant proportion of an employee's variable remuneration will be in the form of equity awards with long-dated, five-year vesting. This serves to encourage long-term decision making and provides a strong alignment of interests between employees, clients, shareholders and other stakeholders. Approximately 40% of Ashmore's shares are owned by current employees.

IN ACTION

Response to COVID-19

The Group's consistent and simple global operating model and experienced IT team supported a swift transition to remote working.

Within a two-week period in March, initially staff based in Asia moved to home working, swiftly followed by all other offices.

Ashmore's remuneration philosophy has led to high levels of staff retention and therefore a wealth of experience of both business processes and market cycles. For example, UK-based employees have an average tenure of over seven years. This experience helped to ensure the move to remote working was well-managed and controlled with employee interaction transitioning effectively to voice and video conferencing, preserving the team-based culture.

The move to remote working coincided with elevated volatility and activity levels in markets as infection rates increased across Asia and then Europe, but Ashmore's established team-based culture ensured that the business was able to continue to operate as close to 'business as usual' as possible.

Ashmore's operational infrastructure is robust and capable of supporting the business in this mode for the foreseeable future, but Ashmore is most effective as a business when teams are interacting in the office.

Remuneration Committee — Guided by clear principles

1 Discretion and flexibility

Ashmore's remuneration policy provides significant flexibility to reward performance but also to ensure an alignment of interest with clients and shareholders through market cycles. The use of discretion when determining the size of the overall bonus pool and individual awards for directors and employees is critical to preserving this flexibility.

2 Alignment with stakeholders

A salary cap and the use of long-dated equity awards, which represent a significant proportion of an employee's variable remuneration, ensure a strong alignment of interests with the Group's stakeholders.

3 Consistency across the Group

The principles that underpin the Group's remuneration philosophy are mirrored in its local asset management platforms, resulting in employees owning significant minority equity interests and each business echoing the distinctive Group culture.

4 Pay for long-term performance

The Committee considers the performance of Executive Directors and senior managers over the long term, and reinforces this approach with five-year vesting for Group employees' equity awards.

Culture extends across the worldwide network

Ashmore has expanded internationally, establishing global operating hubs and distribution offices in New York, Ireland, Singapore and Tokyo, and also developing local asset management platforms in Colombia, Peru, Saudi Arabia, the United Arab Emirates, India and Indonesia.

Importantly, while the local asset management businesses operate independently in terms of investment decisions, they share a common team-based culture with the Group's global operations. The same remuneration philosophy is followed in each office with significant employee ownership of equity in the local businesses.

The listing of Ashmore's Indonesian business in January 2020 was an important milestone providing a public market for the shares, increasing local employee share ownership and illustrating to the other local teams the potential for equity-based value creation with Ashmore as a partner.

Governance

The Board of Directors is instrumental in reinforcing the Group's culture, through day-to-day management and oversight by the Executive Directors and through interaction with employees at each Board meeting.

Since 2016, every Board meeting has included a presentation by a team or overseas office, followed by an open discussion. This 'teams meet the Board' arrangement preceded and is consistent with the recent changes to the UK Corporate Governance Code, and enables a clear and consistent 'tone from the top' that outlines the Board's expectations, standards and importance of individual accountability to all employees. The Board is also able to receive regular direct and in-person feedback from employees across the business.

The effective communication between the Board and employees was further strengthened this year with the appointment of Jennifer Bingham to the role of 'designated Non-executive Director for workforce engagement'. In this role, she will chair the regular team presentations to the Board and will also act as a conduit for employees to raise any other matter with the Board.

Regulatory oversight

The Financial Conduct Authority (FCA), Ashmore's lead regulator, in recent years has required firms to dedicate considerable resources to considering their culture. This means ensuring that the firm's culture delivers appropriate outcomes for clients and also instils and supports proper standards of market conduct across the firm.

The Group Head of HR and Group Head of Compliance monitor a series of indicators of good culture and report those on a monthly basis to the Group's Risk and Compliance Committee. This information is aggregated and reported to the Board of Directors semi-annually as a summary dashboard. The Remuneration Committee uses the information as one of the elements of the review undertaken at the financial year end of the Executive Directors' performance, and is again reviewed at the calendar year end to ensure that the various measures remain on track.

The implementation of the FCA's Senior Managers and Certification Regime (SMCR) during the year has further reinforced the Group's existing governance processes and structures. The implementation of the regime required the production of a management responsibilities map that documents the governance arrangements in place and where accountability for the various areas of the business sits, and confirming employee and director job descriptions reflected the new terminology, assigned functions and prescribed and overall responsibilities.

In line with the FCA's original timetable, the first annual certification process for all Senior Managers and Certified Staff will be concluded during the first half of the 2020/21 financial year.

FOCUS ON THE OPPORTUNITY

Chief Executive's review

Ashmore delivered a solid financial performance this year, with net revenue growth of 5%, an increase in adjusted EBITDA of 10% and 3% higher diluted EPS. The social and economic impact of the COVID-19 pandemic inevitably impacts any assessment of the past 12 months, but reassuringly Ashmore implemented its investment philosophy diligently throughout the market volatility, demonstrated the operational resilience of its business model, continued to broaden its client base, and achieved important strategic developments during the period.

Investment performance

The first half of the financial year saw satisfactory returns across the Emerging Markets investment themes, continuing the recovery trend evident since early 2016, albeit with some volatility and therefore opportunities for Ashmore's investment processes to add risk to portfolios to capture longer-term upside. This relatively benign environment then changed dramatically with the worldwide spread of the COVID-19 virus in the third quarter of the financial year. Global capital markets saw rapid and severe declines that resulted in mark-to-market losses across a broad range of asset classes.

As is often experienced in a period of widespread risk aversion, a number of Ashmore's strategies underperformed their benchmarks. Some Emerging Markets countries required a restructuring of their debt, which also contributed to the underperformance. While the market recovery and delivery of outperformance began in Q4, the performance snapshot at the end of June reflects the impact of the Q3 sell-off with 9% of AuM outperforming over one year, 17% over three years and 74% over five years. For a number of Ashmore's broad fixed income composites, this picture is also reflected in performance compared with peer groups, while equity performance is generally strong versus the peer groups.

The combined impact of the COVID-19 virus, an oil price shock and a sharp fall in US equity prices caused investors to move quickly into 'safe haven' assets such as US government bonds and to focus on raising US dollar liquidity. Valuations across asset classes reached extreme levels, in many cases those last seen more than a decade ago in the global financial crisis. For example, the spread over US Treasuries on external debt exceeded 700 basis points, more than four times its historical low and more than twice the recent level of around 300 basis points.

Ashmore's experienced investment teams have managed through multiple market cycles, and while each cycle is different, the principles of investing do not change. With a tolerance for mark-to-market volatility, the investment committees seek to identify mispriced assets and to add risk to portfolios in order to deliver longer-term outperformance. Such opportunities were apparent in most investment themes in February and March, but were particularly notable in high yield external debt given significant spread widening, in investment grade corporate and external debt, and in equities as valuations fell close to book values.

> "The firm's focus is on delivering investment performance for clients after the severe market dislocation early in the second half of the year."

While the economic and social consequences of COVID-19 will continue for some time, markets have started to recover from the levels seen in March. The broad-based rally, combined with the benefit of adding risk at lower market levels, means that Ashmore's strategies are outperforming on a short-term basis. For example, the blended debt composite saw its benchmark fall by 13% in Q3 and the strategy underperformed by 8%; the benchmark rallied 9% in Q4 and the strategy outperformed by 6% over the three months.

Ashmore remains focused on continuing to recover the performance impact of the Q3 market dislocation, and as described in the Market review and outlook comments below, the conditions remain in place for Emerging Markets to outperform developed world assets and for Ashmore's investment processes to continue to deliver performance for clients.

Clients

The Group has an experienced and diversified client base that continued to allocate to Emerging Markets and delivered flat net flows over the year. The broad-based net

68%
Adjusted EBITDA margin

17%
AuM outperforming over three years

4
Quarters of net inflows to equity products

inflows of US$5.7 billion during the first half of the year were disappointingly then reversed in the second half, as the impact of market volatility resulted in net outflows over the six months of US$5.8 billion. Inevitably, intermediary retail clients were quicker to react to the change in markets and consequently the proportion of AuM from such clients has reduced over the year from 15% to 11%.

The majority of the outflows were experienced during the extremely volatile market conditions of February and March, and concentrated in two specific areas: intermediary retail and institutional investors reacting quickly to the deterioration in markets and consequent underperformance in specific strategies such as Short Duration, and institutional clients sourcing US dollar liquidity from daily-dealing mutual funds invested in local currency bond markets. Some clients also inevitably reduced exposure as prices recovered.

The level of gross subscriptions was higher in the first six months of the year, but there were consistent patterns of client behaviour throughout the 12-month period. For example, there was a good mix of existing institutional clients adding to mandates or funding new mandates, and new client wins, particularly in the equities theme. Notably, the Group attracted new clients in the period after remote working was introduced, demonstrating that the distribution processes continue to be effective even without the ability to travel and meet counterparts in person.

The diversified nature of the Group's client base, whether by domicile, by type of institution and retail intermediary or by investment objectives, means that there is a variety of responses to a given set of market conditions and resultant investment performance. While some clients redeem capital either immediately or shortly after a market dislocation, others will see it as an opportunity to take advantage of attractive valuations and to increase allocations in line with long-term objectives. A third constituency will take longer to take stock of the situation and will therefore inevitably react later.

All these types of behaviour have been experienced in previous cycles and over the past six months, and it is reasonable to expect a continued mix of client behaviours until there is a greater degree of conviction in respect of economic and market developments.

Business model resilience

Ashmore invests in cyclical markets and its business model is explicitly designed to operate successfully through all stages of the cycle. Several characteristics, including the single consistent operating platform, provide resilience and have enabled the Group to protect returns to shareholders in a period when assets under management are lower, as well as enabling a rapid transition to remote working for all the Group's employees in response to the COVID-19 pandemic. The strength of Ashmore's business model meant that it did not furlough or make redundant any staff as a result of COVID-19 and nor did it voluntarily subscribe to any government funding schemes.

Disciplined operating cost control

Non-variable operating costs are managed strictly, with a detailed bottom-up budgeting process ensuring that redundant expenses are identified and removed from the cost base. Additionally, in the second half of the year, the imposition of travel restrictions and remote working in many countries meant that operating costs were slightly lower than anticipated. For the 12 months as a whole, operating costs before variable remuneration were reduced by 5%.

Remuneration philosophy

A principal component of the Group's cost flexibility and ability to respond quickly and appropriately to different revenue conditions is its remuneration philosophy, with a bias towards performance-related variable pay. The aggregate variable remuneration paid to employees each year is determined by the performance of the business, covering both financial and non-financial factors, and is capped at 25% of EBVCIT (operating profit before the variable remuneration charge). This means employee remuneration is aligned with the interests of clients and shareholders, and profitability can be protected in more challenging stages of the cycle. Furthermore, with a significant proportion of an employee's variable remuneration being in the form of equity awards with five-year vesting, this alignment of interests is maintained over the long term.

SPOTLIGHT

Growth in Equities

The equities business has performed well this year. Despite the market weakness in Q3, AuM increased by 5% over the 12-month period and there was strong relative performance in Active Equity, All Cap and Small Cap strategies.

Net inflows were delivered in every quarter and totalled US$1.2 billion over the period, half of which was from new clients. There were also significant additional allocations from existing clients invested in single country funds and the Active Equity strategy.

Further growth potential is underpinned by the All Cap equity strategy that is generating significant alpha and will reach its three-year investment track record later in 2020.

Equities net inflows as % of opening AuM

+27%

Although Ashmore's financial performance was solid this year, with higher revenues and profits, the variable remuneration charge was reduced to 19.5% from 22.5% in the prior year, in recognition of the more challenging market environment in the second half of the year and its consequent impact on investment performance and client flows. This demonstrates the benefits to shareholders of a well-designed and flexible remuneration policy in which discretion can be and is used in order to achieve appropriate outcomes. Together with the ongoing control of other operating costs, this resulted in the Group's adjusted EBITDA margin increasing slightly to 68%.

Global operating model
Ashmore has a single, consistent operating model implemented across all offices to provide stability and scalability. The operational infrastructure supports the business in global hubs in New York, Dublin, London and Singapore together with Tokyo and the local asset management platforms.

For example, investment teams use a single front office portfolio management and trading system, the fund accounting platform is uniform across the jurisdictions, and the Group has a single general ledger. This simple architecture is the result of Ashmore's strategy delivering growth primarily through organic means rather than relying on acquisitions with the associated challenges of integrating legacy systems.

This structure provides efficiency and scalability. In the current year, additional benefits were seen as the Group was able to implement its Business Continuity Plan and transition all its employees swiftly, safely and successfully to a secure remote working environment in March. That this was achieved in a period notable for stressed market conditions and elevated transaction volumes is even greater testament to the resilience of the platform and the professionalism and dedication of Ashmore's employees.

Although some employees in Asia have started to return to offices in line with local government guidance, there remains the possibility of a return to greater restrictions as has been seen elsewhere. The Group's operating platform is capable of supporting the remote-working environment for the foreseeable future, however there are other considerations, for example from a culture perspective. Over the longer term, the fundamental characteristics of Ashmore's business model will continue to be based upon teams collaborating effectively in an office-based environment, with a close-knit culture and a common remuneration philosophy that aligns the interests of all stakeholders.

Balance sheet
Ashmore's balance sheet is conservatively structured with substantial financial resources predominantly held in cash and no debt, and this conservative approach has served the Group and its shareholders well through numerous market cycles. Over the year, the strength and liquidity of the balance sheet was maintained while continuing to provide resources to invest in future growth through the active management of the Group's seed capital. For example, total new seed capital investments of more than £50 million were made during the period, predominantly into equity funds to support growth in this theme. Over the year, there were successful net realisations of seed capital investments.

As described in the Business review, the ICAAP resulted in an increase in the Group's Pillar II regulatory capital requirements due to the impact of higher market volatility on increased balance sheet positions, but the Group's total financial resources of approximately £700 million mean that a substantial excess capital position has been maintained throughout the period.

> "The listing and IPO of Ashmore Indonesia is an important milestone for the business and highlights the ongoing development of the third phase of the Group's strategy."

Strategy update
The asset management industry continues to face various structural challenges, such as the increasing adoption of passive investment strategies, a more complex regulatory environment, and rising demand for ESG factors to be incorporated into investment decisions.

Ashmore's specialist, active investment style, and consistent global operating model assist in addressing these challenges, and its strategy is aligned with the significant growth opportunity across the broad range of Emerging Markets asset classes, with the three phases focused on growing and diversifying Ashmore's business and creating value for clients and shareholders. Progress was made in all three phases this year.

Phase 1: continued allocations
The Emerging Markets investment universe continues to expand, with 12% growth in the value of bonds in issue to US$29.6 trillion and an equity market capitalisation of over US$30 trillion. However, benchmark representation of 13% for fixed income and 19% for equities remains at low levels given the scale and importance of the Emerging Markets investment opportunity.

Global benchmark indices have a typical Emerging Market weighting of between 10% and 20%, and most investors have a target allocation of below 10%. Given the more favourable prospects for emerging countries over the longer term, as they continue along the path of economic convergence with the developed world, then this significant underweight position poses a risk to investors' risk-adjusted returns that should be addressed by higher allocations.

Ashmore's institutional flows over the past 12 months remain biased towards existing clients with approximately 80% of gross flows delivered through a combination of additional capital in existing mandates and new mandates to access different investment opportunities, illustrating that the arguments in favour of higher allocations to Emerging Markets are resonating and being acted upon by investors.

Phase 2: diversifying investment themes and products
An important strategic objective for Ashmore is to develop and grow its equities business, in order to achieve further product diversification and provide clients with access to a full range of Emerging Markets equity products, from global strategies to specialist, regional and single country strategies.

Equities has performed well this year, with strong relative investment performance being maintained over a broad range of products, including through the volatility in Q3, and net inflows delivered in every quarter to give total net flows into equities of £1.2 billion for the year.

Encouragingly, the client flows are a mix of existing clients recognising the developing investment track record, and new clients making their first allocation to an Ashmore strategy. The prospects for continued growth are good, with the All Cap strategy performing well as it approaches its three-year track record later in 2020.

In the second half of the year, Ashmore launched and seeded a dedicated equity ESG fund, to sit alongside the blended debt ESG fund established in early 2019.

Phase 3: mobilising Emerging Markets capital
Approximately 26% of the Group's assets under management have been sourced from clients domiciled in the Emerging Markets. This capital is managed both on a global basis and by the local asset management platforms where the client either wishes or is required to invest in domestic assets and capital markets. In total, the Group's local asset management platforms manage AuM of US$5.0 billion, or 6% of the Group's total.

Ashmore's Indonesian business achieved a significant milestone in January 2020 when it undertook an IPO and listed on the Jakarta Stock Exchange. There were no shares sold by existing shareholders, meaning that Ashmore remains a committed majority shareholder and fully aligned with the local management team and its significant minority equity stake. The process diversified the shareholder register, raised the profile of the business domestically and regionally, and provided a potential roadmap for the Group's other local platforms to consider at the appropriate stage in their development.

People and culture

The impact of COVID-19 has resulted in significant responses, both at a macro level in terms of fiscal and monetary stimulus, and for individual economies and businesses, most notably with the requirement for employees to work from home. Ashmore has a distinctive team-based culture that has been sustained through its long history of investing in Emerging Markets, and which has enabled it to adapt successfully to this new environment. While the culture lends itself to teams working collaboratively in offices, the business can support the requirements of remote working for as long as is required in order for colleagues to return safely to the Group's offices around the world.

The commitment of the Group's employees means that the business has operated effectively, including notably throughout the more challenging period in the second half of the financial year. I would therefore like to thank all of my colleagues for their impressive dedication, professionalism and commitment to continue to deliver for Ashmore's clients, shareholders and other stakeholders over the course of the past year.

Outlook

The trends in market performance, delivery of outperformance and a stabilisation of client flows seen towards the end of the financial year have continued over the summer months. However, the recovery in Emerging Markets asset prices still has further to go to return to levels that could be considered fair value. The process is likely to take time and has unknown factors, as COVID-19 will continue to have a wide range of impacts on countries and asset prices across the Emerging and Developed Markets and there is ongoing tension between the US and China, which in part is linked to the US presidential election later this year. However, volatility and uncertainty can provide significant opportunities for investors and, as ever, the critical analysis is to determine what is priced in, and therefore whether expected returns compensate for perceived risk.

In this context, the Emerging Markets offer notable value. Economic growth prospects are superior in Emerging Markets and support the outlook for equity markets, currencies are cheap versus the US dollar, bond yields in both nominal and real terms are significantly higher than developed world equivalents, and structural issues such as high indebtedness and a lack of reforms continue to constrain growth in developed nations.

However, the attractions of growth-driven equity returns and high yields also have to be seen against the uncertainties relating to COVID-19 and the worsening economic fundamentals in the developed world that are likely to keep risk aversion high for a period of time.

Ashmore will continue to focus on delivering investment and financial performance for its clients and shareholders, and on ensuring the safety of its employees while planning to return to offices when local conditions permit.

Mark Coombs
Chief Executive Officer

10 September 2020

MONITORING PROGRESS

Performance measure

Assets under management

The movement between opening and closing AuM provides an indication of the overall success of the business during the period, in terms of subscriptions, redemptions and investment performance.

The average AuM level during the period, along with the average margins achieved, determines the level of management fee revenues.

Investment performance

The proportion of relevant Group AuM that is outperforming benchmarks on a gross basis, over one year, three years and five years. The gross basis reflects the largely institutional nature of the client base, typically with the ability to agree bespoke fee arrangements. Funds without a performance benchmark are excluded, specifically those in the Alternatives and Overlay/liquidity themes.

Relevance to strategy and remuneration

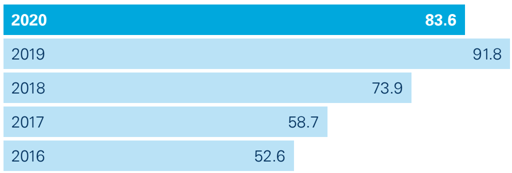
The Group's strategy seeks to capitalise on the growth trends across Emerging Markets. This is ultimately reflected in AuM growth over time.

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

Five-year trend

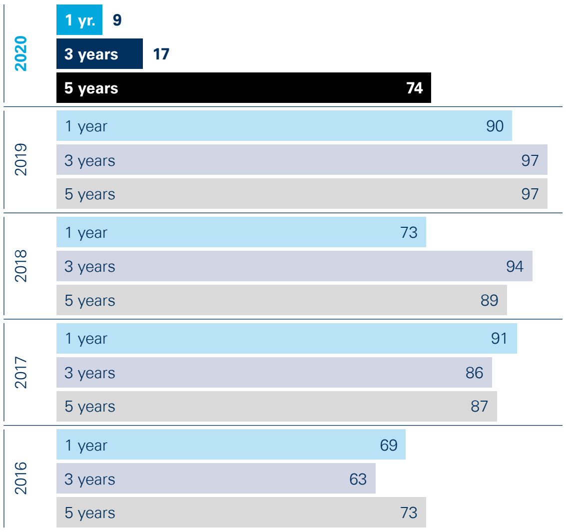
Assets under management

US$83.6bn
2019: US$91.8bn



Investment performance (outperforming over three years)

17%
2019: 97%



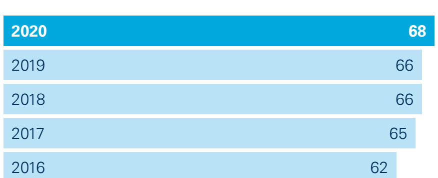
Adjusted EBITDA margin

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

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

Adjusted EBITDA margin

68%
2019: 66%



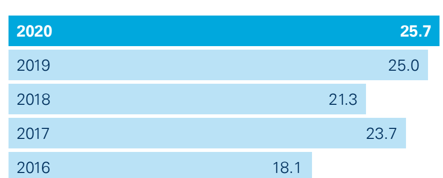
Diluted EPS

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

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

Diluted EPS

25.7p
2019: 25.0p



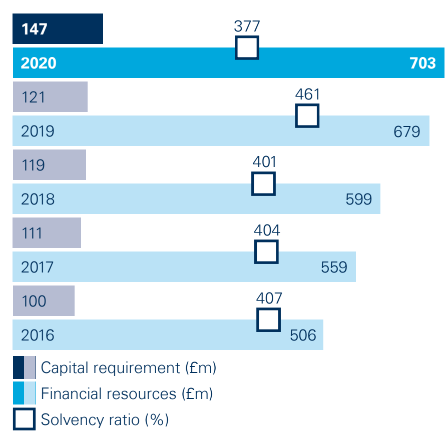
Balance sheet strength

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

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

Solvency ratio

377%
2019: 461%



ATTRACTIVE OPPORTUNITIES

Emerging Markets performed well in the first half of the financial year, then the spread of the COVID-19 virus around the world and an oil price shock caused markets to fall in the third quarter. Markets began to recover in Q4 and were more stable towards the end of the year.

There was significant volatility in Emerging Markets returns over the year, with +3% to +7% delivered in the first half, before the market environment deteriorated in Q3 leading to 10% to 15% declines in fixed income markets and 24% in equities over the quarter. With the start of a recovery in asset prices in the fourth quarter the financial year overall saw modest returns in hard currency fixed income indices, of between +1% and +4%, and negative returns in local currency fixed income and equity indices of -3%.

Emerging Markets and policy flexibility

The economic and social impact of the COVID-19 virus has been severe, with a global recession expected in 2020. However, while there are significant uncertainties as to the development of the pandemic, there is a broad consensus of market opinion that expects a gradual economic recovery in 2021, with GDP levels tracing a 'tick' profile over the two years. Importantly, in aggregate the emerging nations are expected to experience a shallower recession and deliver a stronger recovery than the developed world. For example, the IMF's forecasts are for Emerging Markets GDP to fall by 3% in aggregate this year and then rise by 6% next year, compared with an 8% decline in developed world GDP this year and a 5% recovery in 2021.

Of course, there are significant variances between the 155 emerging nations in their economic, political and social structures, and a clear distinction can be made between two broad sets of countries and their ability to deal with the worldwide growth shock and, as necessary, a domestic COVID-19 challenge.

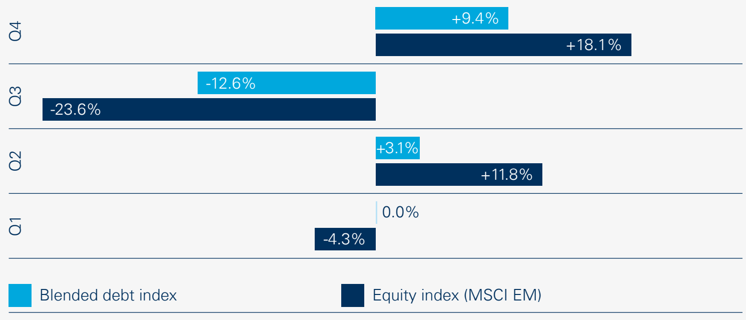
- The greatest policy flexibility is apparent in the larger, typically more diversified economies, that fund themselves predominantly or only in their own currency. Real interest rates are high, inflation is low, currencies are competitive, and so central banks have the ability to cut policy rates and employ quantitative easing (QE) tools, such as asset purchases, as appropriate. These countries also have room for fiscal expansion. While the growth challenge caused by the virus may be significant, this group has policy tools available to be able to meet these challenges. This group is broadly represented across Latin America, Europe, Africa and Asia.
- The other group of nations has a reduced set of policy options, as a consequence of having smaller and narrower economies, and being funded by external creditors in hard currency. These countries need to maintain access to international capital markets and must therefore keep monetary policy relatively tight. Such countries usually rely on external creditors for funding, whether supranational organisations such as the IMF and World Bank or private sector creditors, and will require even greater support from these counterparties. Countries in this group are particularly present in Africa and Latin America.

Ultimately, the structure of an economy, the strength of its institutions, together with the flexibility and quality of policy making, will determine how successfully a country is able to deal with the challenges of the virus pandemic and the worldwide recession.

Developed Markets and policy consequences

For the most part, developed world governments have not addressed the huge increase in public sector debt that resulted from the global financial crisis more than a decade ago, and have lacked any meaningful reform agenda. This has delivered only lacklustre economic growth and persistently low interest rates, but a strong bull market in assets, such as US equities and government bonds, that were supported, directly or indirectly, by central banks' QE policies.

Significant variation in quarterly performance of Emerging Markets indices over the 12 months to 30 June 2020



The policy responses by developed world institutions to the COVID-19 pandemic have largely been swift and substantial, encompassing both monetary stimulus including a return to QE and fiscal stimulus in the form of direct support to the employment market, as well as business loan and guarantee schemes. While these actions undoubtedly helped to mitigate the economic impact of the pandemic, they will have consequences that will exacerbate the indebtedness of developed nations, thereby constraining economic growth further, and requiring policy rates to remain extremely low for a prolonged period of time. In this context, and as explained below, Emerging Markets present a favourable medium-term growth outlook, underpinned by ongoing structural reforms, and accompanied by attractive yields.

Implications of a US recession for Emerging Markets

The prospects for the US economy are directly and indirectly relevant to many other countries and can influence investors' portfolio allocations with implications for Emerging Markets. The initial phase of a recession causes a short period of risk aversion, during which capital flows out of perceived riskier asset classes, including the Emerging Markets, and into 'safe havens' such as the US Treasury market, almost irrespective of valuations and return prospects.

The next, usually more prolonged, period involves capital reallocating away from equities and corporate credit as profits fall and defaults rise, and into US Treasuries to take advantage of rate cuts. However, with nominal and real rates in the US at low or even negative levels, it is arguable that capital will seek higher returns elsewhere in the world, resulting in downward pressure on the US dollar and the potential for flows into the faster growing, higher return Emerging Markets. These flows will stimulate domestic demand in financially-constrained economies, underpinning GDP growth further.

Attractive valuations

The fall in global markets in February and March drove valuations across Emerging Markets to extreme levels. For example, the external debt (EMBI GD) index spread widened to over 700 basis points and equities traded at close to book value, neither of which have been experienced in the 12 years since the global financial crisis. Markets began to recover strongly at the end of March, but valuations still look highly attractive, whether in absolute terms, compared with history, or compared with equivalent assets in Developed Markets.

External debt trades at 475 basis points over US Treasuries, nearly three times the historical low (160 basis points) and well above a reasonable estimate of normalised value (300 basis points). Indeed, the index has traded at or wider than this level for only 3% of the trading days over the past decade. The majority of bonds in the index are investment grade, and this sub-component also offers good value with a yield of more than 3% and a spread over US Treasuries of more than 200 basis points.

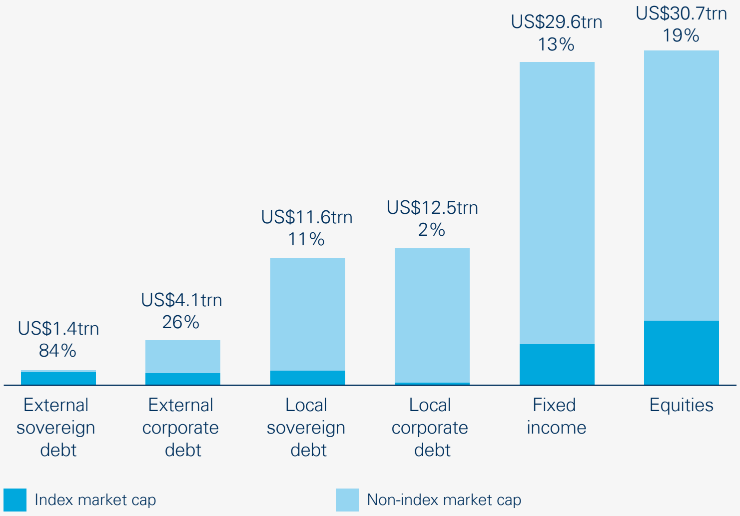
SPOTLIGHT

Significant value available in external debt markets

The main external debt index (EMBI GD) is highly diversified with 167 issuers across 74 countries and 55% of the bonds are investment grade-rated. After briefly exceeding 700bps in March 2020, the spread over US Treasuries is still at an attractive level and illustrates the value available as economies and markets recover.

External debt spread remains at an exceptional level

Benchmark indices remain a poor representation of the Emerging Markets investment opportunities



Source: Ashmore, BIS, JP Morgan, BAML, ICE

Local currency bonds yield 4.5%, but with inflation across Emerging Markets well-controlled and near record lows, the real yield is highly attractive at around 2% and especially when compared with negative real yields for equivalent duration government bonds issued by developed countries. Significantly, China has joined the benchmark GBI-EM GD index, effectively providing the first 'safe haven' destination within the asset class. As discussed above, with the potential for medium-term weakness in the US dollar, there is an opportunity for investors to enhance returns from these markets with foreign exchange gains.

Corporate debt has many attractive characteristics when compared with the US high yield (HY) market, for example the Emerging Markets index is highly diversified with 57 countries represented, has a higher average credit rating, and a lower historical default rate. However, as is the case for external debt, the majority of bonds in the index are investment grade (IG). Both the HY and IG components have attractive valuations, with yields in excess of 7% and 3%, respectively.

Equity market performance is typically correlated with the relative growth rates expected between Emerging and Developed Markets. Therefore, as discussed above, the premium growth forecast for emerging countries should underpin outperformance by Emerging Markets equities. This view is further reinforced by the MSCI EM index trading at attractive levels and an expectation that undervalued equity markets will perform strongly as economies start to recover from the impact of the virus pandemic. Indeed there are already tentative signs of a 'first-in, first-out' economic and market recovery in parts of Asia.

Continued development of the Emerging Markets asset classes

Notwithstanding short-term cyclical market movements, there continue to be significant structural characteristics and developments of the fixed income and equity markets that support longer-term outperformance compared with Developed Markets, and therefore also underpin the case for higher investor allocations.

Benchmark indices remain a poor representation of the investment opportunities

The Emerging Markets investment universe is large and diversified, but one of the most striking inefficiencies is the very low level of index representation: only 13% of bonds and 19% of equity market capitalisation are included in benchmark indices. This has a number of important implications:

- the competitive threat of passive substitutes is limited, given the small proportion of the universe that can be replicated passively;
- active management can deliver alpha, whether through active risk against benchmark securities or by investing in non-benchmark assets; and
- liquidity in local currency instruments is increasingly found in the domestic capital markets, as the bonds and shares are owned and traded by domestic institutions. An established network of local market counterparties is therefore a prerequisite to accessing this liquidity on a consistent basis.

While these inefficiencies can be successfully exploited by active management, over time it is desirable to have higher index representation in order to drive higher investor allocations to the asset classes.

In this respect, there have been notable developments in 2020. Over the course of the year, JP Morgan is including Chinese local currency bonds in its GBI-EM GD benchmark index with an eventual weight of 10%. Also, India has taken some tentative steps to increase foreign investor access to its domestic markets, which could enable it to follow the path taken by China in due course.

Structure of fixed income markets

There are approximately 155 developing countries of which fewer than half have issued debt in public markets, the remainder typically relying on organisations such as the IMF for funding. When a country issues public market bonds for the first time, it typically does so in the external (hard currency) markets, since domestic institutional investors and yield curves are not necessarily sufficiently developed to allow significant local currency issuance. Over time, as the country and its institutions and capital markets develop, it will increasingly issue domestic bonds in its own currency. Consequently, in Emerging Markets, the largest and fastest growing fixed income markets are the local currency-denominated sovereign and corporate bond markets, which together represent 82% of all bonds issued by Emerging Markets countries and companies.

75%
of economic growth forecast is in EM

US$9trn
FX reserves controlled by EM nations

82%
of bonds issued in local currencies

13%
of bonds included in benchmark indices

This market structure has important implications for the resilience of countries in the face of domestic and external shocks, with a dependence on foreign creditors typically leading to a narrower set of policy options when compared with those countries that are predominantly funded by domestic investors. The effect of this has been seen most recently as many local currency funded nations have been able to deploy fiscal and monetary stimulus in order to manage the economic impact of the worldwide virus pandemic.

Allocations

Developed world investors hold significantly underweight positions in Emerging Markets fixed income and equities, which is at odds with the increasing influence of these countries in the world's economic, political and social affairs. Higher allocations to Emerging Markets will provide investors with access to superior growth and potential returns.

The increasing significance of Emerging Markets is illustrated by the following characteristics:

- 84% of the world's population lives in an Emerging Market country, with typically much more favourable demographics than developed nations;
- Emerging Markets account for 60% of world GDP and 75% of the world's economic growth forecast by the IMF over the five years to 2021;
- GDP per capita of US$13,000 in Emerging Markets is less than a third of the developed world level of US$45,000. The inherent growth potential in the emerging world is illustrated by the fact that the developed world was at the same level of wealth in 1983;
- emerging nations control foreign exchange reserves of nearly US$9 trillion, accounting for more than 75% of total world foreign exchange reserves;
- Emerging Markets represent only 25% of worldwide bond issuance and 33% of world equity market capitalisation, providing significant growth opportunities; and
- the weights of Emerging Markets in global equity and bond indices are relatively low, at between 10% and 20% respectively, but increasing over time as markets grow and reforms allow better access.

In this context, the typical investor has a target weighting of below 10%, which over the longer term will result in below par returns compared with a portfolio that has at least a neutral weighting to Emerging Markets through the cycle.

Market outlook

There is a broad consensus of opinion that the world economy will recover from the current recessionary conditions over the course of 2021, although there will be significant variations in the experiences of individual countries and there is uncertainty with respect to the development and impact of the COVID-19 pandemic. The US presidential election in November 2020 is an additional source of potential market volatility.

While this backdrop is potentially challenging, periods of market volatility such as that experienced in early 2020 typically provide significant investment return opportunities as short periods of extreme risk aversion lead to mispriced assets. Although there has been something of a market recovery since the lows seen in March, there remains substantial value available across a wide range of equity and fixed income markets in the emerging world. Furthermore, the relative attractions of Emerging Markets have arguably been enhanced by the return to aggressively looser monetary policy, including QE, and debt-funded fiscal stimulus by developed countries.

Notwithstanding the present uncertainty, investors are increasingly recognising the superior long-term economic growth prospects of Emerging Markets compared with the developed world, and when set against the notable value available in those markets and investors' underweight positions, this should result in a continued trend of higher allocations over time. Ashmore's experience, specialism and active management approach mean it is well placed to benefit from this growth opportunity.

DIVERSIFIED OPPORTUNITIES

Ashmore's investment teams have been focused on Emerging Markets investing for more than 25 years. Ashmore has established a diversified range of eight headline investment themes with focused strategies under each theme delivering Emerging Markets exposures in, for example, global or specific regional or country funds, as well as dedicated investment grade and high yield products.

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

External debt

The external debt benchmark index (EMBI GD) delivered a modest positive return of +0.5% over the 12 months, but with significant variations by quarter, and a marked difference between investment grade (+8.3%) and high yield bonds (-8.2%). Over the past three years, Ashmore's external debt composite has returned +0.7% on a gross annualised basis, compared with +3.6% for the benchmark.

Countries that have predominantly funded themselves in external debt markets will struggle to manage the twin challenges of the global virus pandemic and the consequent growth shock. The support of creditors, be they supranational organisations or private sector lenders, will be crucial to a country's ability to maintain long-term access to funding, but also requires governments to exhibit a clear willingness to reform where necessary.

Valuations reached exceptional levels in the market lows of March 2020, with the index spread over US Treasuries exceeding 700 basis points. In an index of 74 countries, and with the majority rated investment grade, this clearly reflected the impact of short-term risk aversion and a desire for US dollar liquidity rather than being an accurate reflection of the underlying economic and political fundamentals of all the constituent countries. Although markets have begun to recover, there remains notable value in the asset class, with the spread still at an elevated level of 475 basis points at the year end, nearly three times the historical low of 160 basis points and in excess of its recent level of 300 basis points.

Local currency

The GBI-EM GD index fell -2.8% over the year, with a positive return from rates offset by US dollar strength. As with the external debt markets, there was significant volatility on a quarter-by-quarter basis, especially in the second half of the year. Over the past three years, Ashmore's local currency composite has returned +0.9% on a gross annualised basis, compared with +1.1% for the benchmark.

Local currency markets are increasingly resilient as a result of the increasing adoption of monetary policy frameworks that successfully target inflation, and domestic ownership that mitigates the impact of foreign capital flows. Capital market reforms are important and providing greater access to foreign investors over time will result in more representative indices, as is illustrated by China's inclusion in the GBI-EM GD index in 2020.

The attractiveness of local currency bonds is derived from both rates and foreign exchange. Inflation continues to be well-controlled and is close to record lows, enabling central banks across a large number of emerging countries to continue to be accommodating with monetary policies. The resultant real yield for the index of around 2% is attractive in its own right but even more so when set against the negative real yields prevailing in most major developed world bond markets of similar duration. Looking at FX, the consequences of debt-funded fiscal stimulus and a recession in the US should be to create inflation but also to restrict the Fed's ability to raise rates significantly for the foreseeable future and to undermine productivity, hence the US dollar is likely to enter a period of weakness against other global currencies including those in Emerging Markets. Local currency bonds therefore offer potentially the highest medium-term returns of the main fixed income asset classes through a combination of attractive yields and potential capital gains from currencies.

Corporate debt

Corporate debt performed well over the 12 months with the CEMBI BD index returning +3.7%, although as seen in the sovereign market, there was a notable difference between investment grade performance of +5.7% and high yield returns of +1.0%. Over the past three years, Ashmore's corporate debt composite has returned +3.8% on a gross annualised basis, compared with +4.5% for the benchmark. The short duration strategy has underperformed, with three-year gross annualised returns of -4.6% compared with +3.5% for its benchmark, and consequently it experienced net outflows for the 12-month period.

The corporate bond index is highly diversified with nearly 700 issuers across 57 countries, and with the majority of bonds being investment grade rated. With a yield of 4.9%, and 7.3% for high yield bonds, this is an attractive asset class when compared with the US HY market, which offers a similar yield (7.7%) but is less diversified and with companies that have higher leverage and often as a result of financial engineering rather than for operational purposes. Furthermore, the Emerging Markets asset class includes quasi sovereign issuers, which means that implicit or explicit support by the sovereign can be a factor in assessing credit risk. These factors are reflected in the long-run default rates for the two markets, with the US market experiencing a 30% higher default rate over the past three decades of 4.3% compared with 3.3% for Emerging Markets.

Blended debt

The standard blended debt benchmark (50% external debt, 25% local currency bonds and 25% EMFX) fell by -1.3% over the year, with positive returns in hard currency markets offset by weaker local currency returns, as described for each of the asset classes above. Over the past three years, Ashmore's blended debt composite has returned +0.5% on a gross annualised basis, compared with +2.2% for the standard benchmark.

The blended debt strategy provides access to a broad and actively-managed portfolio of Emerging Markets fixed income securities, which is a popular approach for institutional or intermediary retail clients that are making their first investment in Emerging Markets. As an investor's experience of Emerging Markets grows, incremental allocations can be made into dedicated products in the underlying fixed income asset classes. Additionally, the blended debt theme allows institutional investors to define a bespoke performance benchmark, through which a preference for one or more asset classes can be expressed.

> "Emerging Markets will continue to enjoy a growth premium over the developed world, and many countries are well-equipped from a policy perspective to deal with the challenges presented by the COVID-19 pandemic."

Equities

The MSCI EM index fell by -3.4% over the 12 months, with particular volatility in the second half of the year as markets rapidly discounted a global recession as a consequence of the COVID-19 virus and then began to reflect expectations of a recovery supported by extraordinary fiscal and monetary stimulus. Ashmore's Active Equity composite has returned +4.4% on a gross annualised basis over the past three years, compared with +1.9% for the benchmark, and the Small Cap composite has returned +0.6% annualised over the past three years compared with -3.0% for its benchmark.

The performance of equity markets tends to be correlated over the longer term with economic growth, although the highly diverse nature of the Emerging Markets equity universe, in terms of industries as well as geographically, requires active management and a combination of bottom-up company analysis and top-down macro economic insights to deliver optimal returns.

Emerging Markets will continue to enjoy a growth premium over the developed world, and many countries are well-equipped from a policy perspective to deal with the challenges presented by the COVID-19 pandemic. Indeed, there is a possibility that parts of Asia, having been the first to deal with the issue, could also be the first to deliver a sustained economic and market recovery. The outlook for equity markets is also underpinned by the attractive valuations available, compared with history but also the Developed Markets, where valuations continue to be influenced by central bank policies such as QE.

DIVERSIFIED OPPORTUNITIES

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

First fund:	2007
Theme AuM:	US$10.6bn
Size of universe:	US$16.6trn

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

First fund:	1997
Theme AuM:	US$18.7bn
Size of universe:	US$11.6trn

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

First fund:	1988
Theme AuM:	US$4.6bn
Size of universe:	US$30.7trn

External debt

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

First fund:	1992
Theme AuM:	US$17.1bn
Size of universe:	US$1.4trn

Alternatives

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

First fund:	1998
Theme AuM:	US$1.4bn

Blended debt

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

First fund:	2003
Theme AuM:	US$23.3bn
Size of universe:	US$29.6trn

Multi-asset

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

First fund:	2000
Theme AuM:	US$0.3bn
Size of universe:	US$60.3trn

Overlay/liquidity

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

First fund:	2007
Theme AuM:	US$7.6bn

SOLID PERFORMANCE IN CHALLENGING TIMES

Ashmore's financial performance over the year reflected a strong first half, the impact of the weak global markets environment in Q3 and the start of a recovery in the final quarter. Over the 12-month period, AuM declined by 9% but with higher average AuM levels, net revenue increased by 5% and adjusted EBITDA was 10% higher. Diluted EPS increased by 3% and the Group's balance sheet remains liquid and well-capitalised with capital resources of £702.5 million and excess regulatory capital of £555.2 million.

Assets under management

AuM fell by 9% to US$83.6 billion as a result of negative market performance of US$8.1 billion, which, as described in the Chief Executive's review and Market review, was the result of the market conditions experienced in Q3 and related to the COVID-19 pandemic, a fall in the oil price and tighter liquidity conditions across global markets. Over the 12-month period, the Group had a net outflow of US$0.1 billion. Average assets under management increased by 11% to US$89.6 billion (FY2018/19: US$80.5 billion).

Gross subscriptions of US$24.3 billion were slightly higher than in the prior year and represent 26% of opening AuM (FY2018/19: US$23.7 billion, 32%). Gross redemptions increased to US$24.4 billion, or 27% of opening AuM (FY2018/19: US$13.0 billion, 18%).

There was good demand over the period across the broad range of investment themes, but with particular strength in the local currency, corporate debt, blended debt and equities themes. Approximately 70% of institutional mandate subscriptions were from existing clients increasing their allocations, with a further 10% the result of clients broadening their exposure to Emerging Markets investment opportunities through additional mandates. New institutional client mandates therefore represented 20% of subscriptions and were mainly invested in the equities and external debt themes.

The increase in redemptions compared with the prior year was primarily in the corporate debt and local currency themes and biased towards the second half of the year when market conditions were significantly more volatile. In particular, intermediary retail and institutional clients reacted to weaker performance in the Short Duration strategy, and institutional clients sought US dollar liquidity and reduced risk in local currency funds.

For the year as a whole, net flows were essentially flat at -US$0.1 billion, with institutional clients delivering net inflows of US$1.9 billion, largely offsetting the net outflow from intermediary retail clients of US$2.0 billion.

Summary non-GAAP financial performance

The table below reclassifies items relating to seed capital and the translation of non-Sterling balance sheet positions. This aids clarity and comprehension of the Group's operating performance, by excluding the mark-to-market volatility of these items, and provides a more meaningful comparison with the prior year. For the purposes of presenting 'Adjusted' profits, personnel expenses have been adjusted for the variable compensation on foreign exchange translation gains and losses. Non-GAAP alternative performance measures (APMs) are defined and explained below.

£m	**FY2019/20 Reported**	Reclassification of: Seed capital-related items	Reclassification of: Foreign exchange translation	**FY2019/20 Adjusted**	FY2018/19 Adjusted
Management fees net of distribution costs	**315.5**	–	–	**315.5**	294.3
Performance fees	**3.9**	–	–	**3.9**	2.8
Other revenue	**4.1**	–	–	**4.1**	5.9
Foreign exchange	**7.0**	–	(5.5)	**1.5**	5.1
Net revenue	**330.5**	–	(5.5)	**325.0**	308.1
Investment securities	**(19.1)**	19.1	–	**–**	–
Third-party interests	**7.5**	(7.5)	–	**–**	–
Personnel expenses	**(82.6)**	–	1.1	**(81.5)**	(82.8)
Other expenses excluding depreciation & amortisation	**(23.2)**	2.2	–	**(21.0)**	(23.5)
EBITDA	**213.1**	13.8	(4.4)	**222.5**	201.8
EBITDA margin	***64%***	–	–	***68%***	*66%*
Depreciation & amortisation	**(3.4)**	–	–	**(3.4)**	(4.8)
Operating profit	**209.7**	13.8	(4.4)	**219.1**	197.0
Net finance income/expense	**12.0**	(6.2)	–	**5.8**	7.7
Associates & joint ventures	**(0.2)**	–	–	**(0.2)**	(0.3)
Adjusted profit before tax	**221.5**	7.6	(4.4)	**224.7**	204.4
Foreign exchange translation	**–**	–	4.4	**4.4**	4.8
Seed capital-related items	**–**	(7.6)	–	**(7.6)**	10.7
Profit before tax	**221.5**	–	–	**221.5**	219.9

Investor profile

The Group's client base remains well diversified and biased towards institutions, with no significant changes in composition by client domicile or client type, other than a reduction in the proportion of AuM sourced from intermediary retail clients, from 15% to 11%, and an increase in AuM from corporates and financial institutions, particularly those focused on investment grade mandates, from 18% to 22%. In total, 26% of the Group's AuM has been sourced from clients domiciled in Emerging Markets (30 June 2019: 30%).

Segregated accounts including white-labelled funds represent 75% of AuM (30 June 2019: 66%), the higher proportion being a consequence of significant new segregated mandate wins and additional allocations, as well as the net redemptions from mutual funds in the year.

Ashmore's main mutual fund platforms are in Europe and the US. The European SICAV range comprises 30 funds with AuM of US$12.1 billion (30 June 2019: 30 funds, US$19.6 billion) and the US 40-Act platform manages US$2.4 billion in 10 funds (30 June 2019: eight funds, US$3.7 billion). The lower level of mutual fund AuM is the result of negative market performance across a broad range of asset classes, particularly in the third quarter of the financial year, and redemptions that were concentrated in short duration and local currency bond funds.

AuM as invested

The charts on page 30 show AuM 'as invested' by underlying investment theme, which adjusts from the 'by mandate' presentation to take account of the allocation into the underlying asset classes of the multi-asset and blended debt themes, and of crossover investment from within certain external debt funds.

The Group's AuM by geography of investment remains diversified with 40% invested in Latin America, 24% in Asia Pacific, 15% in the Middle East and Africa, and 21% in Eastern Europe.

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 2019 US$bn	Performance US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	Reclassifications/ other US$bn	**AuM 30 June 2020 US$bn**
External debt	19.1	(1.1)	2.3	(3.2)	(0.9)	–	**17.1**
Local currency	19.7	(1.7)	5.8	(5.1)	0.7	–	**18.7**
Corporate debt	15.5	(1.9)	6.7	(9.2)	(2.5)	(0.5)	**10.6**
Blended debt	24.3	(2.2)	4.5	(3.8)	0.7	0.5	**23.3**
Equities	4.4	(1.0)	2.2	(1.0)	1.2	–	**4.6**
Alternatives	1.6	(0.2)	0.1	(0.1)	–	–	**1.4**
Multi-asset	0.5	(0.1)	–	(0.1)	(0.1)	–	**0.3**
Overlay/liquidity	6.7	0.1	2.7	(1.9)	0.8	–	**7.6**
Total	**91.8**	**(8.1)**	**24.3**	**(24.4)**	**(0.1)**	**–**	**83.6**

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.

Theme	**Net management fees FY2019/20 £m**	Net management fees FY2018/19 £m	**Performance fees FY2019/20 £m**	Performance fees FY2018/19 £m	**Net management fee margin FY2019/20 bps**	Net management fee margin FY2018/19 bps
External debt	**59.4**	55.1	**2.5**	0.5	**41**	44
Local currency	**60.2**	54.2	**–**	0.8	**38**	39
Corporate debt	**51.3**	51.9	**0.4**	0.2	**50**	56
Blended debt	**94.6**	81.2	**0.9**	1.0	**49**	49
Equities	**23.0**	25.1	**–**	–	**66**	76
Alternatives	**15.4**	15.1	**0.1**	0.3	**139**	129
Multi-asset	**3.0**	4.3	**–**	–	**100**	77
Overlay/liquidity	**8.6**	7.4	**–**	–	**15**	16
Total	**315.5**	**294.3**	**3.9**	**2.8**	**45**	**48**

2019 (%)

2020 (%)

AuM classified by mandate

2019 (%)

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

2020 (%)

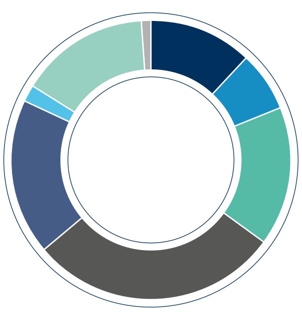
External debt	20
Local currency	23
Corporate debt	14
Blended debt	27
Equities	5
Alternatives	2
Multi-asset	1
Overlay/liquidity	8

AuM as invested

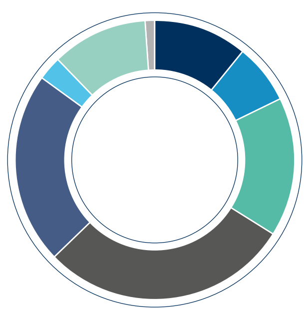
External debt	39
Local currency	29
Corporate debt	17
Equities	5
Alternatives	2
Overlay/liquidity	8

External debt	38
Local currency	28
Corporate debt	17
Equities	6
Alternatives	2
Overlay/liquidity	9

AuM by investor type



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



Central banks	11
Sovereign wealth funds	7
Governments	16
Pension plans	29
Corporates/financial institutions	22
Funds/sub-advisers	3
Intermediary retail	11
Foundations/endowments	1

AuM by investor geography

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

Americas	23
Europe ex UK	28
UK	9
Middle East and Africa	17
Asia Pacific	23

Revenues

Net revenue increased 5% to £330.5 million as a result of growth in recurring net management fee income. On an adjusted basis, excluding foreign-exchange translation effects, net revenue increased 5% to £325.0 million.

Net revenue

	FY2019/20 £m	FY2018/19 £m
Net management fees	**315.5**	294.3
Performance fees	**3.9**	2.8
Other revenue	**4.1**	5.9
FX: hedges	**1.5**	5.1
Adjusted net revenue	**325.0**	308.1
FX: balance sheet translation	**5.5**	6.2
Net revenue	**330.5**	314.3

The Group's management fee income, net of distribution costs, increased 7% to £315.5 million, driven by an 11% rise in average AuM to US$89.6 billion (FY2018/19: US$80.5 billion). Fee income benefited from the weaker average GBP:USD rate of 1.2637 (FY2018/19: 1.2958) and also reflects a decline in the average net management fee margin from 48bps to 45bps. At constant FY2018/19 average exchange rates, net management fees increased by 5%.

The three basis points decline in the net management fee margin compared with the prior year is the result of net flows into existing and new large mandates (1.5 basis points), investment theme mix (1 basis point) and mutual fund net redemptions in the corporate debt and local currency themes (0.5 basis point). Other factors such as competition and product mix effects broadly offset each other.

Performance fees of £3.9 million were generated in the period, a similar level to the prior year. At 30 June 2020, 13% of the Group's AuM was eligible to earn performance fees (30 June 2019: 14%), of which a substantial proportion is subject to rebate agreements. The Group continues to expect net management fee income to generate the substantial majority of its net revenues. No performance fees were realised by funds with an August year end.

Translation of the Group's non-Sterling assets and liabilities, excluding seed capital, resulted in an unrealised foreign exchange gain of £5.5 million reflecting a lower GBP:USD dollar rate at the period end and active management of the Group's foreign exchange balances. The net realised and unrealised gain on the Group's foreign exchange hedges was £1.5 million. Therefore, the total foreign exchange gain recognised in revenues was £7.0 million (FY2018/19: £11.3 million gain).

Other revenue fell slightly to £4.1 million as this year there were fewer project management and advisory fees related to funds in the alternatives theme.

Operating costs

Total operating costs of £109.2 million include £2.2 million of expenses incurred by seeded funds that are required to be consolidated, as disclosed in note 20. On an adjusted basis, excluding the impact of seed capital and the variable compensation accrual on foreign exchange translation gains, operating costs were reduced by 5% to £105.9 million (FY2018/19: £111.1 million). At constant FY2018/19 average exchange rates, adjusted operating costs declined by 5% compared with the prior year period.

Adjusted operating costs before variable compensation were 5% lower at £52.0 million (FY2018/19: £54.8 million), with an increase in fixed staff costs more than offset by an 11% reduction in other operating costs and a lower depreciation and amortisation expense.

The Group's headcount was stable over the year at 306 employees, of which 291 are involved in investment management-related activities (30 June 2019: 307 and 288, respectively), and the average headcount was 3% higher than in the prior year. The Group's fixed staff costs of £27.6 million increased by 4% compared with the prior year period, and increased by 2% at constant exchange rates.

Other operating costs, excluding consolidated fund expenses and depreciation and amortisation, were 11% lower at £21.0 million (FY2018/19: £23.5 million), primarily due to the adoption of IFRS 16 as described below. Other operating costs were lower in the second half of the year compared with the first half due to reductions in travel and office-related costs as a result of the restrictions associated with the COVID-19 pandemic, and notwithstanding the £0.3 million cost of charitable donations.

The accrual for variable compensation was £55.0 million, 5% lower than the prior year and representing 19.5% of EBVCIT (FY2018/19: £57.7 million, 22.5%). The Group's financial and operating performance this year was solid, but the lower charge recognises the more challenging conditions of the second half of the year and the consequent impact upon Ashmore's investment performance and assets under management.

The combined depreciation and amortisation charges for the period were £3.4 million.

The adoption of IFRS 16 had a small negative impact of £0.2 million on profit before tax in the current period. It removed the rental expense relating to the Group's properties (£2.8 million) and replaced it with depreciation of the right-of-use asset (£2.5 million) and a lease finance expense (£0.5 million).

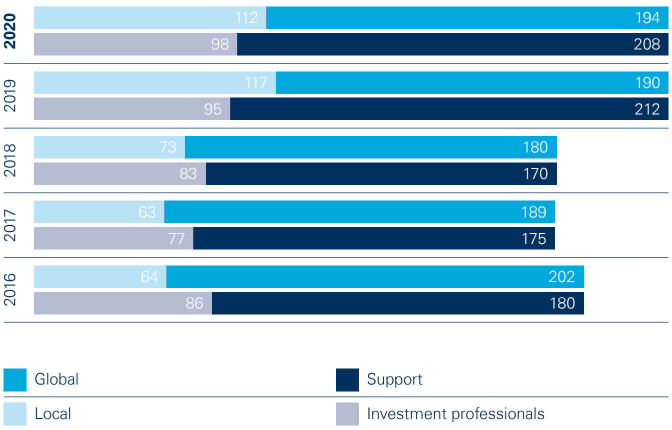
Operating costs

	FY2019/20 £m	FY2018/19 £m
Fixed staff costs	**(27.6)**	(26.5)
Other operating costs	**(21.0)**	(23.5)
Depreciation & amortisation	**(3.4)**	(4.8)
Operating costs before VC	**(52.0)**	(54.8)
Variable compensation	**(55.0)**	(57.7)
VC accrual on FX gains/losses	**1.1**	1.4
Adjusted operating costs	**(105.9)**	(111.1)
Consolidated funds costs	**(2.2)**	(3.3)
Add back VC accrual on FX gains/losses	**(1.1)**	(1.4)
Total operating costs	**(109.2)**	(115.8)

Year end headcount

306

2019: 307



Adjusted EBITDA

Adjusted EBITDA increased by 10% from £201.8 million to £222.5 million, higher than the 5% rise in adjusted net revenue due to the 5% reduction in adjusted operating costs. Consequently, the adjusted EBITDA margin expanded slightly to 68% (FY2018/19: 66%). The impact of IFRS 16 contributed 0.9% to the adjusted EBITDA margin.

Finance income

Net finance income of £12.0 million (FY2018/19: £17.4 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 £5.8 million (FY2018/19: £7.7 million) with the reduction being primarily a consequence of higher cash holdings in US dollars with lower prevailing interest rates.

Profit before tax

Statutory profit before tax of £221.5 million was 1% higher than the prior year (FY2018/19: £219.9 million) reflecting the positive operating performance offset by mark-to-market losses incurred in the second half of the year on the Group's seed capital investments.

Taxation

The majority of the Group's profit is subject to UK taxation. Of the total current tax charge for the year of £38.7 million (FY2018/19: £41.8 million), £24.7 million relates to UK corporation tax (FY2018/19: £36.3 million).

The Group's effective tax rate for the financial year is 16.6% (FY2018/19: 17.5%), which is lower than the prevailing UK corporation tax rate of 19.0%. This reflects the impact of the geographic mix of the Group's profits in the period, non-taxable unrealised seed capital losses and the valuation of deferred tax assets relating to share-based remuneration provided to employees. Note 12 to the financial statements provides a reconciliation of this difference compared with the UK corporation tax rate.

Earnings per share

Basic earnings per share for the period increased by 3% to 27.4 pence (FY2018/19: 26.6 pence) and diluted earnings per share increased by 3% to 25.7 pence (FY2018/19: 25.0 pence).

On an adjusted basis, excluding the effects of seed capital items, foreign exchange translation and relevant tax, diluted earnings per share increased by 12% to 26.1 pence (FY2018/19: 23.4 pence).

Balance sheet

Ashmore's policy is to maintain a strong balance sheet through market cycles in order to meet regulatory capital requirements, to support the commercial demands of current and prospective investors, and to fund strategic development opportunities across the business.

As at 30 June 2020, total equity attributable to shareholders of the parent was £856.4 million (30 June 2019: £843.2 million). Capital resources available to the Group totalled £702.5 million as at 30 June 2020, equivalent to 99 pence per share, and significantly exceeded the Group's regulatory capital requirement of £147.3 million, equivalent to 21 pence per share. The Group has no debt.

Cash

Ashmore's business model consistently delivers a high conversion rate of operating profits to cash. Based on operating profit of £209.7 million for the period (FY2018/19: £202.8 million), the Group generated £254.9 million of cash from operations (F2018/19: £211.2 million). The operating cash flows after excluding consolidated funds represent 116% of the adjusted EBITDA for the period of £222.5 million (FY2018/19: 106%).

Cash and cash equivalents by currency

	30 June 2020 £m	30 June 2019 £m
Sterling	**66.0**	157.8
US dollar	**391.1**	269.5
Other	**43.8**	49.9
Total	**500.9**	477.2

The 10% increase in adjusted EBITDA and continued efficient conversion of profits to cash, after allowing for items such as additional advance payments of corporation tax and the purchase of shares, resulted in an increase in the Group's cash and cash equivalents compared with the prior year end, with active management of the Group's foreign exchange exposures resulting in a higher US dollar balance.

Seed capital investments

The Group's actively managed seed capital programme continues to support growth in third-party AuM with more than US$8.5 billion of AuM in funds that have been seeded, representing 10% of total Group AuM.

During the financial year, the Group made new seed investments of £51.4 million and realised £84.0 million from previous investments. The consequent net redemption of £32.6 million together with unrealised market-to-market losses of £6.8 million means the market value of the Group's seed capital investments reduced from £277.8 million as at 30 June 2019 to £238.4 million as at 30 June 2020. Ashmore has also made seed capital commitments of £20.0 million to funds in the alternatives theme that were undrawn at the period end, giving a total committed value for the Group's seed capital programme of approximately £260 million.

As at 30 June 2020, the original cost of the Group's current seed capital investments was £214.1 million, representing 28% of Group net tangible equity. More than two-thirds of the Group's seed capital is held in funds with better than one-month dealing frequency, such as SICAV or US 40-Act mutual funds.

The majority of the new investments were into corporate debt and equity funds, supporting product diversification and AuM growth within Phase 2 of the Group's strategy. The redemptions were mainly in the equities and local currency themes as a consequence of client flows, and also in the alternatives theme as capital was returned to investors.

Seed capital market value by currency

	30 June 2020 £m	30 June 2019 £m
US dollar	**213.7**	250.7
Colombian peso	**13.9**	14.8
Other	**10.8**	12.3
Total market value	**238.4**	277.8

The table below summarises the principal IFRS line items to assist in the understanding of the financial impact of the Group's seed capital programme. The seed capital investments generated a total loss of £7.6 million in the period (FY2018/19: £10.7 million gain) including a realised gain of £4.0 million. This comprises a £9.0 million mark-to-market loss in respect of consolidated funds, including £4.8 million of finance income, and a £1.4 million gain in respect of unconsolidated funds that is reported in finance income.

Financial impact of seed capital investments

	FY2019/20 £m	FY2018/19 £m
Consolidated funds (note 20):		
Gains/(losses) on investment securities	**(19.1)**	0.5
Change in third-party interests in consolidated funds	**7.5**	3.8
Operating costs	**(2.2)**	(3.3)
Finance income	**4.8**	5.5
Sub-total: consolidated funds	**(9.0)**	6.5
Unconsolidated funds (note 8):		
Market return	**1.6**	3.3
Foreign exchange	**(0.2)**	0.9
Sub-total: unconsolidated funds	**1.4**	4.2
Total seed capital profit/(loss)	**(7.6)**	10.7
– realised	**4.0**	2.4
– unrealised	**(11.6)**	8.3

Foreign exchange

The majority of the Group's fee income is received in US dollars and it is the Group's policy to hedge up to two-thirds of the notional value of budgeted foreign currency-denominated net management fees, using either forward or option foreign exchange contracts. Ashmore's Foreign Exchange Management Committee determines the proportion of budgeted fee income to hedge or sell by regular reference to expected non-US dollar, and principally Sterling, cash requirements. Foreign currency assets and liabilities, including cash, are marked to market at the period end exchange rate with movements reported in either revenues or other comprehensive income.

Goodwill and intangible assets

At 30 June 2020, goodwill and intangible assets on the Group's balance sheet totalled £89.7 million (30 June 2019: £87.3 million). The movement in the period is the result of an amortisation charge of £0.2 million (FY2018/19: £4.1 million) and a foreign exchange revaluation gain in reserves of £2.6 million (FY2018/19: £3.4 million gain).

Shares held by Employee Benefit Trust (EBT)

The Group's EBT purchases and holds shares in anticipation of the vesting of share awards. During the second half of the year, the EBT actively acquired shares to satisfy future employee share awards. At 30 June 2020, the EBT owned 56,477,466 ordinary shares (30 June 2019: 40,355,103 ordinary shares), representing 7.9% of the Group's issued share capital (30 June 2019: 5.7%).

Regulatory capital

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

Through the Internal Capital Adequacy Assessment Process (ICAAP) the Board has determined the amount of Pillar II capital required to be £147.3 million (30 June 2019: £121.0 million). The increase is primarily the result of higher levels of foreign currency and seed capital positions and increased market volatility during the second half of the financial year leading to a higher market risk requirement.

The Group has total capital resources of £702.5 million as at 30 June 2020, equivalent to 99 pence per share, giving a solvency ratio of 377% and excess regulatory capital of £555.2 million. Therefore, the Board is satisfied that the Group is adequately capitalised.

Dividend

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

Consistent with this approach, the Directors have recommended a final dividend of 12.10 pence per share for the year ending 30 June 2020 (FY2018/19: 12.10 pence), which if approved by shareholders will be paid on 11 December 2020 to all shareholders on the register on 6 November 2020. Total dividends paid and recommended for the year are 16.90 pence (FY2018/19: 16.65 pence), which are covered 1.5x by diluted earnings per share.

Tom Shippey
Group Finance Director

10 September 2020

Alternative performance measures

Ashmore discloses non-GAAP financial alternative performance measures (APMs) in order to assist shareholders' understanding of the operational performance of the Group during the accounting period and to make comparisons with prior periods.

The calculation of APMs is consistent with the financial year ending 30 June 2019 and unless otherwise stated reconciliations to statutory IFRS results are provided in the Business review. Historical reconciliations of APMs to statutory IFRS results can be found in the respective interim financial reports and annual reports and accounts.

Net revenue

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

Net management fee margin

The net management fee margin has been included as an APM to increase transparency and aid understanding of the Group's performance in the period. It is defined as the ratio of management fees less distribution costs to average assets under management for the period, and is a commonly-used industry performance measure.

Variable compensation ratio

The charge for employee variable compensation as a proportion of earnings before variable compensation, interest and tax (EBVCIT). The linking of variable annual pay awards to the Group's profitability is one of the principal methods by which the Group controls its operating costs. The charge for variable compensation is a component of personnel expenses.

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

EBITDA

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

Adjusted net revenue, adjusted operating costs and adjusted EBITDA

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

Adjusted EBITDA margin

The ratio of adjusted EBITDA to adjusted net revenue, both of which are defined above. This is an appropriate measure of the Group's operational efficiency and its ability to generate returns for shareholders.

Conversion of operating profits to cash

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

A KEY ELEMENT OF ASHMORE'S CULTURE

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

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

READ ABOUT ASHMORE'S STRATEGY ON PAGES 2 TO 3

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

READ ABOUT ASHMORE'S BUSINESS MODEL ON PAGES 4 TO 5

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.

READ ASHMORE'S GOVERNANCE REPORT ON PAGES 63 TO 74

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.

READ ABOUT ASHMORE'S PRINCIPAL AND EMERGING RISKS ON PAGES 39 TO 41

Risk management structure

Ashmore Group plc Board

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

Group Risk and Compliance Committee

Maintains a sound risk management and internal control environment and assesses the impact of the Group's activities on its regulatory and operational exposures

Chairman

Head of Risk Management and Control

Members

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

Risk management and internal control systems

In accordance with provision 29 of the 2018 version of the UK Corporate Governance Code, the Board is ultimately responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. Such systems and their review are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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

The Group's system of internal control is integrated into the Group's strategy and business model and embedded within its routine business processes and operations, and a strong control culture is combined with clear management responsibility and accountability for individual controls.

The internal control framework provides an ongoing process for identifying, evaluating and managing the Group's emerging risks and principal risks, and has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. The process is regularly reviewed by the Group's Audit and Risk Committee (ARC) and accords with the guidance in the document 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' (the Guidance) published by the Financial Reporting Council in September 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 Head of Risk Management and Control, and the other members are the Chief Executive, the Group Finance Director, the Group Head of Compliance, the Group Head of Finance, the Group Head of Middle Office and IT, the Group Head of Legal and Transaction Management, the Group Head of Distribution, the Head of Internal Audit, and the Group Head of Human Resources. Responsibility for risk identification is shared among these senior management personnel, with each individual being responsible for day-to-day control of risk in their business area.

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

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

Three lines of defence

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

First: Risk ownership

This rests with line managers, whether they are in portfolio management, distribution or support functions. The senior management team takes the lead role with respect to implementing and maintaining appropriate controls across the business.

Second: Risk control

This is provided by Group Risk Management and Control, including the Group's principal risk matrix, and Group Compliance, including the compliance monitoring programme.

Third: Independent assurance

Group Internal Audit is the third line of defence and provides independent assurance over agreed risk management, internal control and governance processes as well as recommendations to improve the effectiveness of these processes.

Strategic report
Governance
Financial statements

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 and accountability, that have regard to acceptable levels of risk.

Processes

- a planning framework that incorporates a Board approved strategy, with objectives;
- the FCA's Senior Managers and Certification Regime, which requires allocation of specific responsibilities to individuals and the documentation of this through a management responsibilities map and the job descriptions of the individuals;
- 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;
- a Risk and Compliance Committee (RCC) which as noted above is responsible for internal control and for assessing the impact of Ashmore's ongoing activities on the firm's regulatory and operational exposures;
- a matrix of principal and emerging risks identifies key strategic and business, client, treasury, investment and operational risks, and considers the likelihood of those risks crystallising and the resultant impact. The inherent risk within each business activity is identified, with the adequacy and mitigating effect of existing processes being assessed to determine a current residual risk level for each such activity. On the basis that further mitigants and/or controls may be employed over time, a target residual risk for each activity after one to two years is defined and progress to target is formally tracked as appropriate;

Longer-term viability statement

In accordance with the provisions 30 and 31 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 2023, which is consistent with the planning horizon under the Group's Internal Capital Adequacy Assessment Process (ICAAP). A robust assessment of the principal and emerging 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 39 to 41. Consideration of the risks arising from the COVID-19 pandemic has been included within this assessment.

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 severe but plausible scenario-based downside stress-testing, including the impact of negative investment performance, a decline in AuM and the COVID-19 pandemic. Consequently, the Board regularly assesses the amount of capital that the Group is required to hold to cover its principal risks, including the amounts required under a range of adverse planning scenarios.

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

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

- 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 occurs;
- an established Media and Reputation Management Policy focusing on understanding the information that is currently publicly available on the Group, the Board and its senior client facing staff, especially that which could create negative reputational issues;
- the Board reviews and approves an annual budget, which is subject to update through a forecasting process;
- the Operating Committee regularly reviews the Group's financial and operating performance to focus on delivery of the Group's key strategic objectives;
- detailed investment reports are prepared and discussed at each of the sub-committee meetings of the Group's investment committees, which take place weekly, monthly or quarterly depending on investment theme, with follow up actions agreed and implemented within a strict operational framework;
- the Group's Pricing and Oversight Committee (POC) supervises the effectiveness of pricing policies for all investments held in Ashmore sponsored funds where a reliable pricing source is available. This includes the responsibility to ensure that appointed third-party pricing agents carry out the agreed pricing policy faithfully and manage the pricing sources appropriately;
- the Group's Pricing Methodology and Valuation Committee (PMVC) has oversight of the valuation methodologies used for clients' fund investments that cannot be readily externally priced. It meets monthly to review the current valuation methodology for each of these investments and to propose an updated valuation methodology where appropriate;
- the Group Compliance function, whose responsibilities and processes include: ensuring that the Group at all times meets its regulatory obligations; integrated regulatory compliance procedures and best practices within the Group; ongoing compliance monitoring programme covering all the relevant areas of the Group's operations; and identifying any breach of compliance with applicable financial services regulation, which includes real-time investment restrictions monitoring of client mandate requirements. Results of the compliance monitoring programme are reported to the RCC in support of the overall risk management and internal control framework;
- financial controls are maintained to ensure accurate accounting for transactions, appropriate authorisation limits to contain exposures, and reliability of data processing and integrity of information generated;
- the Group's Finance function is responsible for the preparation of the financial statements and is managed by appropriately qualified accountants. Review is undertaken by numerous parties including the Executive Directors and includes challenge by the Board. The Finance function works in conjunction with the Group's auditors and other external advisers to ensure compliance with applicable accounting and reporting standards, prevailing regulations and industry best practice;
- Board members receive monthly management information including accounts and other relevant reports, which highlight actual financial performance against budget/forecast and the prior year period;
- there are well-defined procedures and thresholds governing the appraisal and approval of corporate investments, including seeding of funds and purchase of own shares, with detailed investment and divestment approval procedures, incorporating appropriate levels of authority and regular post-investment reviews;
- oversight and management of the Group's foreign currency cash flows and balance sheet exposures are the responsibility of the Foreign Exchange and Liquidity Management Committee, which determines the appropriate level of hedging, and ensures liquidity requirements are met;
- 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 is the responsibility of the Product Committee and forms an important part of the Group's business in responding to clients' needs, changes in the financial markets and treating customers fairly;
- an ESG Committee with oversight of Ashmore's responsible investing framework and focus on the implementation of all elements of this framework across Ashmore's corporate strategy and investment management activity;

- a Global Investment Performance Standards (GIPS) Committee, which acts as the primary decision making body within the Group in relation to any changes to the existing set of composites, and approving the creation of new composites; and
- a Research Oversight Committee (ROC) to address governance, oversight and ongoing reviews of third-party research procured by Ashmore.

Verification

- Internal Audit has ongoing responsibility for reviewing the assurance map and providing an independent assessment of assurance on an annual basis. The assurance map documents the interaction from a Group perspective of the first, second and third lines of defence with regard to the controls and mitigants of those principal risks assessed as high risk;
- annual control reports are reviewed independently by the Group's external auditors pursuant to the International Standards on Assurance Engagements 3402 (ISAE 3402);
- the external auditors are engaged to express an opinion on the annual financial statements and the condensed set of financial statements in the half-yearly financial report and also to 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 or had during the year 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;
- 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 and emerging risks, controls and mitigants

Ashmore considers a number of risks and has described in the table on pages 40 to 41 those that it has assessed as being most significant in this period, together with examples of associated controls and mitigants. Reputational and conduct risks are common to most aspects of the strategy and business model.

The Group considers the assessment and management of emerging risks within its internal control framework, examples of which are:

- the impact of passive funds on the asset management industry;
- market and/or commercial impact of terrorism;
- global political uncertainty;
- high level of new regulatory obligations for the industry;
- impact of a low oil price; and
- the impact of the COVID-19 pandemic, with specific effects also considered under relevant principal risks and their associated controls and mitigants.

Principal risks and associated controls and mitigants

Description of principal risks	Examples of associated controls and mitigants
Strategic and business risks (Responsibility: Ashmore Group plc Board)	
– Long-term downturn in Emerging Markets fundamentals/technicals/sentiment, and impact of broader industry changes including ESG and climate change risks	– Group strategy is reviewed and approved by a Board with relevant industry experience – Diversification of investment capabilities and products – Ashmore has a strong balance sheet with no debt
– Market capacity issues and increased competition constrain growth	– Experienced Emerging Markets investment professionals, with deep market knowledge, participate in investment committees – Periodic investment theme capacity reviews – Barriers to entry remain high, e.g. demonstration of long-term investment track record
– Failure to understand and plan for the potential impact of investor sentiment and regulatory changes relating to sustainability and climate change	– Oversight by ESG Committee, which has overall responsibility for Ashmore's sustainability and responsible investing framework across its corporate and investment activities – Head of Sustainability provides updates to the Board – Dedicated ESG funds
Client risks (Responsibility: Product Committee and Group Risk and Compliance Committee)	
– Inappropriate marketing strategy and/or ineffective management of existing and potential fund investors and distributors, including impact of net outflows and fee margin pressure	– Frequent and regular Product Committee meetings review product suitability and appropriateness – Experienced distribution team with appropriate geographic coverage – Investor education to ensure understanding of Ashmore investment themes and products
– Inadequate client oversight including alignment of interests	– Monitoring of client-related issues including a formal complaints handling process – Compliance and legal oversight to ensure clear and fair terms of business and disclosures, and appropriate client communications and financial promotions – Global distribution team appropriately structured for institutional and intermediary retail clients
Treasury risks (Responsibility: Chief Executive Officer and Group Finance Director)	
– Inaccurate financial projections and hedging of future cash flows and balance sheet	– Defined risk appetite, and risk appetite measures updated quarterly – Group foreign exchange (FX) hedging policy and FX and Liquidity Management Committee
Investment risks (Responsibility: Group Investment Committees)	
– Downturn in long-term performance	– Consistent investment philosophy over more than 27 years and numerous market cycles, with dedicated Emerging Markets focus including country visits and network of local offices
– Manager non-performance including i) ineffective leverage, cash and liquidity management and similar portfolios being managed inconsistently; and ii) neglect of duty, market abuse	– Funds in the same investment theme are managed by consistent investment management teams, and allocations approved by investment committees – Comprehensive policies in place to cover, for example, conflicts, best execution, market abuse and client order handling – Tools to manage liquidity issues as a result of redemptions including restrictions on illiquid exposures and ability to use in specie redemptions
– Insufficient number of trading counterparties	– Group Trading counterparty policy and sufficient counterparties to provide access to liquidity. Extensive trading relationships developed over the firm's history of focusing on Emerging Markets investing

Description of principal risks	Examples of associated controls and mitigants
Operational risks (Responsibility: Group Risk and Compliance Committee)	
– Inadequate security of information including cyber security and data protection	– Information security and data protection policies, subject to annual review including cyber security review. Cyber security working group meets frequently and regularly
– Inadequate business continuity planning (BCP)	– Established BCP process with periodic updates to Group RCC
– Inaccurate or invalid data including manual processes/reporting	– Dedicated teams responsible for Transaction Processing, Fund Administration, and Pricing and Data Management – Pricing Oversight and Pricing Methodology and Valuation Committees, with PMVC valuations subject to external audit – Annual ISAE 3402 process and report
– Failure of IT infrastructure, including inability to support business growth	– Appropriate IT policies with annual review cycle – IT systems and environmental monitoring – Group IT platform incorporates local offices
– Legal action, fraud or breach of contract perpetrated against the Group, its funds or investments	– Independent Internal Audit function that considers risk of fraud in each audit – Financial crime policy covering the Group and its service providers – Whistleblowing policy including independent reporting line, and Board sponsor (the Senior Independent Director) – Due diligence on all new, and regular reviews of existing, service providers – Insurance policies with appropriate cover to ensure appropriate client litigation cover
– Insufficient resources, including loss of key staff, inability to attract staff and health and safety issues, which hampers growth or the Group's ability to execute its strategy	– Committee-based investment management reduces key man risk – Appropriate remuneration policy with emphasis on performance-related pay and long-dated deferral of equity awards – Regular reviews of resource requirements and updates provided to the Board
– Lack of understanding and compliance with global and local regulatory requirements, as well as conflicts of interest and not treating customers fairly; and financial crime, which includes money laundering, bribery and corruption, leading to high level publicity or regulatory sanction	– Regulatory Development Working Group and compliance monitoring programme, which covers financial crime risks such as money laundering and bribery – Compliance policies covering global and local offices, for example global conflicts of interest and inducements policies – Conduct risk and organisational culture indicators are considered on a monthly basis by the Group RCC and on an annual basis by the Board – Internal Capital Adequacy Assessment Process (ICAAP) with ongoing engagement with the Board – Mandatory compliance training for all employees
– Inadequate tax oversight or advice	– Dedicated in-house tax specialist and Group Tax policy covering all Group entities with external advice sought as appropriate
– Inadequate oversight of Ashmore overseas offices	– Group Finance Director has oversight responsibility for overseas offices, and RCC has oversight of the operating model with annual reviews. Senior staff take local Board/advisory positions – Local RCCs held and Group RCC receives updates – Internal Audit reviews, and annual governance reviews reported to RCC
– Ineffective or mismanaged third-party services	– Due diligence on all new third parties and periodic meetings with core service providers

ALIGNED TO ASHMORE'S PURPOSE

Section 172(1) Statement and Statement of Engagement with Employees and Other Stakeholders

In accordance with the Companies Act 2006 (the 'Act') (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company, under section 172. Further details on key actions in this regard are also contained within the Corporate governance report on pages 63 to 74 and the Directors' report on pages 111 to 115. In accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (as amended by the Companies (Miscellaneous Reporting) Regulations 2018) the sections below describe how the Directors have engaged (both directly and indirectly) with, and had regard to the interests of, key stakeholders.

Engaging with clients

Key factors

Delivering long-term investment performance for a diversified client base is critical to Ashmore's success as a specialist asset manager.

What did we consider?

Ashmore engaged in frequent and regular contact with institutional and intermediary clients, including through the use of research and thought-leadership pieces.

The Board considered the need for heightened activity in response to the global markets shock. Intermediary retail clients were expected to be more sensitive to market conditions.

How did we engage?

Ashmore's distribution teams have developed direct, long-term relationships with institutional and intermediary clients and there is ongoing engagement.

Clients receive frequent and regular reports on investment performance and portfolio positioning.

What were the outcomes?

Diversification and long-standing relationships (for institutional clients more than seven years on average) ensures a balanced response to market conditions.

Institutional flows continued to be biased towards existing clients who increased their Emerging Markets allocations, consistent with Phase 1 of Ashmore's strategy.

Engaging with shareholders

Key factors

The support of Ashmore's shareholders, with an appropriately long-term investment horizon, is important to enable Ashmore to fulfil its strategic growth ambitions.

What did we consider?

Shareholder engagement addressed important areas including Directors' remuneration and the significant vote against the reappointment of the Chair of the Remuneration Committee (see page 63).

Consideration was given to making additional disclosures detailing the Group's response to the COVID-19 virus and its ability to manage through severe market dislocations.

How did we engage?

There was comprehensive investor relations activity, involving Executive and Non-executive Directors. An Emerging Markets briefing was also provided by Ashmore's Head of Research. The annual meeting with the UK Shareholder Association and retail shareholders took place again this year.

Ashmore seeks to build direct relationships with shareholders and potential investors by managing the majority of roadshows and other interactions in-house.

What were the outcomes?

Ashmore has a stable shareholder base.

In response to shareholder feedback, enhanced disclosure was provided in relation to remuneration philosophy and its links to longer-term strategy and Ashmore's culture.

There is a comprehensive shareholder and target investor engagement programme, with more than 250 investor meetings held during the year (see page 44 for the Investor Relations calendar).

Both the Chairman and the Chair of the Remuneration Committee met with shareholders during the course of the year.

Engaging with employees

Key factors

Ashmore considers its 306 employees to be its most important asset and the Group's priority is to attract, develop and retain employees in order to deliver the Group's potential.

What did we consider?

The Board discussed whether existing workforce engagement might be enhanced.

The Group's diversity policy was reviewed (see page 111).

As the COVID-19 virus spread globally, the Board monitored and supported the implementation of the Group's Business Continuity Plan (BCP) and the swift transition to remote working for all employees.

How did we engage?

Ashmore has a strong culture, supported by a lean organisation structure, a distinctive remuneration philosophy and a clear 'tone from the top'.

The Board meets teams of employees on a rotational basis at every Board meeting, and the CEO provides regular briefings including a quarterly newsletter.

The Board reviews a 'culture dashboard' annually, with input from the Global Heads of HR and Compliance.

What were the outcomes?

The Board has appointed one of its Non-executive Directors as 'Workforce engagement Director' (see page 63).

The London office was refurbished with enhanced facilities for staff.

The Group's BCP was successfully implementated, supported by Ashmore's team-based culture and its employees' continuing focus on delivering value to clients and other stakeholders.

Engaging with society

Key factors

Ashmore recognises the impact its activities may have on wider society, and takes this responsibility seriously.

What did we consider?

Ashmore considered the impact of the COVID-19 pandemic on fellow citizens and the need to reduce the spread of infection globally.

The Head of Sustainability and ESG has responsibility for oversight and coordination of all ESG activities across the Group.

There were initiatives to mitigate and offset the Group's CO_2 emissions.

How did we engage?

The Ashmore Foundation engages with stakeholders in an effort to make a positive and sustainable difference to disadvantaged communities in the Emerging Markets in which Ashmore operates and invests.

Ashmore is a signatory to the UNPRI and UN Global Compact and supports the Sustainable Development Goals agenda.

Ashmore engages with its suppliers and pursuant to the Modern Slavery Act 2015 the Board approves a Slavery and Human Trafficking Statement each year.

What were the outcomes?

The Group pursued an innovative approach to carbon offset through the Ashmore Foundation, with the objectives of supporting societal development in Emerging Markets.

Ashmore expanded the Group's dedicated ESG capabilities with the launch of an equity ESG fund, alongside the existing blended debt ESG fund.

Ashmore supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and further information is included on page 52.

Engaging with regulators

Key factors

Ashmore's business comprises global operating hubs and independent local asset management platforms, operating in a number of different regulatory jurisdictions.

What did we consider?

In support of business development, Ashmore established new relationships with regulators in Ireland (CBI) and Colombia (SFC).

The Group listed its Indonesian subsidiary on the Jakarta Stock Exchange, as described on page 17.

How did we engage?

Ashmore's Directors and senior management maintain strong working relationships with regulators in each of the Group's jurisdictions and, where appropriate, participate in regulatory consultations and industry working groups. Ashmore imposes the higher of local and head office (UK) regulatory and compliance standards, and is committed to compliance with all relevant laws and regulations.

The Group's Regulatory Development Working Group ensures the business is kept abreast of the implications of developing and impending regulation and can engage where necessary.

What were the outcomes?

As at 30 June 2020 no enforcement actions were in progress against Ashmore entities by financial services regulators globally.

In the light of the COVID-19 pandemic Ashmore shared detailed information on its operational and financial resilience with regulators in the UK and Europe.

Engaging with third-party service providers

Key factors

The efficiency and scalability of Ashmore's operating platform relies in part on high-quality third-party service providers.

What did we consider?

The Group's main supplier relationships were substantially unchanged during the year.

How did we engage?

Ashmore communicated with its main suppliers as the COVID-19 pandemic took hold, to reassure them about its ongoing arrangements to maintain 'business as usual'.

Ashmore conducted due diligence on all new third-party service providers, and reviewed its relationships with existing providers to ensure appropriate service levels were achieved.

The Group's Supplier Code of Conduct outlines the minimum ethical standards that must be met in order to do business with the Group.

What were the outcomes?

The Group benefits from a stable supplier base globally.

The quality and strength of Ashmore's third-party supplier relationships was illustrated by the successful transition to remote working as a consequence of the COVID-19 pandemic.

Investor relations calendar

Q1

July
- Corporate governance roadshow with Chairman and Chair of Remuneration Committee
- AuM statement

September
- Full year results and annual report published
- Investor roadshow (UK)
- BAML Financials conference

Q2

October
- AuM statement
- Annual General Meeting (attended by all Board members)
- Investor roadshow (Finland, Sweden, Denmark)

November
- Numis UK conference
- Investor roadshow (US)
- UBS Pan European conference

December
- Berenberg European conference

Q3

January
- AuM statement

February
- Interim results & report published
- Investor roadshow (UK)

March
- Annual meeting with UK Shareholder Association (UKSA) members
- Chairman continues corporate governance engagement with shareholders
- Berenberg UK conference

Q4

April
- AuM statement
- Emerging Markets briefings for shareholders and sell-side analysts with Head of Research

May
- Goldman Sachs European Small & Midcap conference
- UBS European Small & Midcap conference

June
- Goldman Sachs European Financials conference
- European investor roadshows (France, Belgium, Holland, Germany)
- Autonomous Financials conference

Section 172 case studies

Ashmore's preparation for Brexit ensured that the Group was appropriately positioned to deal with the significant regulatory change resulting from the UK's departure from the EU. A case study is provided below.

The COVID-19 pandemic rapidly became a global challenge for the Group, with all Ashmore's offices and business units affected. The Group's response had to be swift and tailored to the political and regulatory developments in each jurisdiction. A case study is provided on pages 10-11.

Preparing for 'Brexit'

What did we decide to do?

- Brexit was discussed at two Board meetings. It was decided to form a new investment management company in Ireland to manage the Group's Luxembourg domiciled funds. This allowed the Group to continue to provide services to clients and investors in the EU seamlessly, post Brexit, and establishes an operating presence within the EU 27 to take advantage of future opportunities for growth.

Who did we engage with?

- Ashmore engaged with regulators, namely the Central Bank of Ireland (CBI) and the Commission de Surveillance du Secteur Financier (CSSF).
- The Group also engaged with employees and prospective new employees, affected third-party suppliers (e.g. custodian), industry representatives, government agencies and industry professionals.

How did we take account of their views?

- Ireland was selected for reasons including a favourable cost/benefit assessment when compared with other potential jurisdictions.
- Employees, including the CEO, were recruited locally with a focus on those with industry experience, to meet regulatory requirements and stakeholder demands.
- The new investment management company appointed three Irish Independent Non-executive Directors and established a gender balanced Board with a diverse range of expertise.
- There was continuity of Administrator and Depository custodian/transfer agent which meant minimal impact for Ashmore's clients.
- Ashmore partnered with a range of local service providers in Ireland to supply and support the business and its employees, and to support the local economy.
- Ashmore structured the business to take account of key stakeholders' expectations including regulators'.

What were the outcomes?

- Ashmore has secured the continuity of the relevant EU business.
- Ashmore has established a base in the EU27 with a strong team of experienced professionals, led by a diverse and experienced Board, to ensure that it can continue to deliver on stakeholder expectations.

SUSTAINABILITY CRITICAL TO SUCCESS

As an Emerging Markets focused investment manager, Ashmore's success has always been dependent on understanding sustainability in the markets in which it operates and invests.

Ashmore recognises the role it plays in the deployment of its clients' capital and the impact this can have on sustainability of the environment and broader society. As such, the Group has integrated sustainability and the understanding and consideration of environmental, social and governance (ESG) factors across its operations, with oversight by the Head of Sustainability and ESG Integration and Board accountability ensured through the Group's specialised ESG Committee.

Ashmore's responsibility to ensure sustainability extends to all its stakeholders and therefore includes managing its operations in ways that effectively ensure the health and wellbeing of its employees. Ashmore's response to the COVID-19 pandemic is described in a dedicated section earlier in this report, which together with the importance of its distinctive culture, means that Ashmore ensures that its employees work in a positive environment, enabling personal and professional development.

Understanding and achieving sustainability can take many forms, but in the context of the United Nations' Sustainable Development Goals (SDGs), described below, arguably the greatest impact and change can be achieved in the Emerging Markets. Two areas are particularly relevant to emerging countries:

- Environmental challenges, and specifically the effects of climate change, can be acutely felt by companies and communities in which Ashmore operates and invests. Ashmore's investment processes consider environmental factors in portfolio construction, and the Group is a supporter of global and industry-specific initiatives such as the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations.
- Inequality and wealth disparity can present significant challenges, and the social investments made by the Ashmore Foundation empower communities at the extreme end of these disparities.

Ashmore's broad and encompassing approach to sustainability is centred on three pillars, shown below, covering the breadth of its corporate operations, investment activities, and the social and impact investing by the Ashmore Foundation. These pillars are not mutually exclusive and they provide a framework to enable Ashmore to define and pursue its sustainability objectives. This report describes in more detail some of the factors relevant to each pillar.

Ashmore's commitment to ensuring sustainability in its activities extends to support for and membership of global and industry-specific initiatives, such as the UN Principles for Responsible Investment, the UN Global Compact, the TCFD recommendations, and Climate Action 100+. Ashmore will continue to develop its approach to sustainability as best practice and regulatory requirements evolve.

Sustainability governs our approach to investments, communities and the environment

Corporate

Incorporating transparency, fairness, accountability and integrity into operations

- Affiliations and membership
  - UNPRI (2013)
  - UN Global Compact (2019)
- Policies and processes disclosed
  - ESG
  - Proxy voting
  - Engagement
  - Climate change position paper
- Environmental impact/climate change
  - Carbon offsetting initiative
  - Recycling and waste management
  - Continued energy efficiencies
- Constituent of FTSE4Good Index Series
- UK Stewardship Code compliant
- Equal opportunities and diversity
- Employee wellbeing and health and safety
- Corporate governance

Investment

Enabling clients to deploy capital in line with responsible investing considerations

- ESG factor analysis
  - Assessment criteria and scoring process
  - ESG training for investment teams
  - External research/third-party data
- ESG within the investment process
  - Integrated approach
  - Consistency across investment themes
- Stewardship/collaborations
  - Proxy voting and engagement
  - Climate Action 100+
- Climate change
  - TCFD recommendations
  - Managing climate-related risks
- Negative screening/exclusions
  - Controversial weapons
  - ESG funds specific screens
- ESG governance

Societal

Social and impact-first investing locally in Emerging Market communities

- Adherence to UK Modern Slavery Act
- Alignment/contribution to UN Sustainable Development Goals (SDGs)
- Local social initiatives
  - London Crisis at Christmas
  - New York Cares
- Employee volunteering
  - One paid volunteering day
- The Ashmore Foundation*
  - Emerging Market philanthropy
  - Impact-first investing – concessionary loans
  - Impact investments

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

CORPORATE SUSTAINABILITY

Ashmore's approach to corporate sustainability recognises the role it plays in wider society and is underpinned by values of transparency, fairness, accountability and integrity across the Group's worldwide operations.

The nature of Ashmore's business as an investment manager and its consistent single operating platform mean that corporate sustainability can be considered and understood in a relatively small number of areas, listed below and explained in more detail on the following pages. In recognition of its approach to corporate sustainability, Ashmore is a constituent of the FTSE4Good and Dow Jones Sustainability equity indices.

Human resources
In a people business such as asset management, employees are a firm's most important asset. Ashmore's responsibilities to its 306 employees across 11 countries are well understood and reflected in its commitments to diversity, career development, health and safety, including workplace benefits, and a remuneration policy that delivers a long-term alignment of interests between employees, clients and shareholders.

Governance
Ashmore's Board of Directors maintains a distinctive culture across the firm, with a strong 'tone from the top' that outlines clear expectations, standards and the importance of accountability to employees. In addition to the governance arrangements described in the Corporate Governance section on pages 63 to 69 and the Section 172 statement on pages 42 to 45, corporate sustainability is also underpinned by the following factors:

- A commitment to upholding high ethical standards across the Group's operations, and to minimising the risks associated with financial crime.
- The Board has ultimate responsibility for risk management and control. This encompasses a wide range of principal and emerging risks, as described in the Risk management section, but importantly in the prevailing remote working environment it includes the Group's assessment, monitoring and control of cyber security-related risks.
- Ashmore has operations in multiple regulatory and tax jurisdictions and manages its business in a responsible and transparent manner.

Environment
Ashmore's business is based primarily on intellectual capital so its direct impact on the environment is limited. However, the Group manages the environmental risks it faces responsibly, and described below are specific developments in the areas of GHG emissions, recycling and carbon offsetting.

Policy documents

Ashmore has a number of policies and other documents that support its approach to corporate sustainability. These include documents that are for employee use, that are made available to the Group's clients, and that are publicly available on the Group's website, such as those listed below.

- ESG policy
- Climate change position paper
- Supplier Code of Conduct
- Slavery & human trafficking statement
- Conflicts of interest statement
- Complaints handling procedure
- UK Stewardship Code
- UK tax strategy
- Hampton Alexander review data

Human resources

Ashmore employs 306 people in 11 countries worldwide and its employees 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 achieve its strategic growth objectives and to create value for its stakeholders. The success of Ashmore's approach to human resources and its support to corporate sustainability is reflected in the low levels of unplanned staff turnover (FY2019/20: 8.6%).

Ashmore aims to have employee policies and procedures that reflect best practice within each of the countries where it has a presence, and Ashmore requires employees to act ethically and to uphold clearly the standards expected by the Group's clients. 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.

Diversity
Diversity is integral to Ashmore's culture and therefore it is committed to providing equal opportunities and to ensuring that its workforce reflects, as far as is practicable, the diversity of the many communities in which it operates and the 36 nationalities represented by its employees.

Diversity encompasses, amongst other things, experience, skills, tenure, age, geographical expertise, professional background, gender, ethnicity, disability and sexual orientation.

Ashmore's culture is a meritocracy that values openness, fairness and transparency and therefore there is no discrimination because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation or any other irrelevant factor.

Ashmore recognises that the financial services sector has historically been a male dominated industry. In attracting the best talent, Ashmore is particularly keen to promote gender diversity and seeks to attract female employees. Ashmore tracks gender diversity across all its offices globally and the Group's gender balance is currently 68% male and 32% female, and across senior management and their direct reports it is 82% male and 18% female.

Ashmore provides data to the Hampton Alexander review. This information can be found in Ashmore's Sustainability report and on the Group's website.

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

Career development

All employees are provided with a comprehensive induction on joining the business, providing an introduction to the Company's structure, culture, operations and practices. This includes all elements of compliance issues, an understanding of the key business ethics operating within the Ashmore Group, and up-to-date information on relevant regulations.

Ashmore recognises that development is a career-long activity and so also supports any professional development or qualifications that will assist employees in maintaining and developing their levels of competence. As part of this, Ashmore believes that constructive performance management is an essential tool in the effective management of its people and business. The performance management cycle comprises setting objectives and an annual performance appraisal against those agreed objectives. Output from this performance process is used to assist with decisions on remuneration, career development and progression.

Ashmore is committed to internal progression of its employees whenever this is possible, to ensure that it retains the most talented people. The diverse and global nature of its business allows the Group to consider placing talented individuals into different business and career opportunities within its worldwide office network, in order to foster their development and to benefit clients.

Health and safety

Ashmore promotes high standards of health and safety at work and has a comprehensive health and safety policy that highlights the Group's commitment to ensuring employees are provided with a safe and healthy working environment.

For example, 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.

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

Workplace benefits

Ashmore recognises the diverse needs of its employees in managing the responsibilities of their work and personal lives, and believes that achieving an effective balance in these areas is beneficial to both Ashmore and the individual. Employee health and wellbeing is vital to sustained performance at work, and Ashmore therefore operates a range of schemes to support employees' physical and mental wellbeing. For example, in the UK, Ashmore operates an integrated healthcare approach whereby its private medical health provider and occupational health clinics work hand in hand to promote wellness amongst employees. It also operates a mental health wellbeing scheme, and has a designated Mental Health First Aider.

Similar healthcare arrangements are also offered at many of Ashmore's international offices.

Remuneration

Ashmore's distinctive remuneration philosophy, described in detail in the Remuneration report, is a critical factor in delivering corporate sustainability. It underpins the Group's culture and achieves a long-term alignment between employee remuneration and the interests of clients, shareholders and other stakeholders.

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

Governance

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

Ethical standards

While there have been no whistleblowing reports this year, Ashmore considers it important that there is a clear and accessible process through which staff can raise such concerns. Therefore it has procedures in place to enable employees to raise concerns confidentially regarding behaviour or decisions that are perceived to be unethical. This includes use of a third-party agency to provide staff with an independent whistleblowing channel and the Senior Independent Director acts as the nominated Board Director for whistleblowing.

Financial crime risks

Ashmore is committed to minimising the risk that the firm is used for the purposes of financial crime, including money laundering, bribery and corruption, fraud and market abuse. To achieve this aim, Ashmore has adopted a number of risk-based policies and procedures for each area of financial crime, as described in the Risk management section on pages 35 to 41. Training is provided to all employees in relation to anti-money laundering and countering terrorist financing, including customer due diligence requirements, identifying money laundering, suspicious activity and financial crime.

Ashmore is also committed to ensuring that the identity of its customers is verified before a business relationship commences and is ongoing throughout the course of the relationship.

Cyber security risks

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, and 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. The Ashmore Audit and Risk Committee receives an annual report on the Group's cyber security arrangements, and the Group has a culture of continuous improvement that 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.

Tax strategy

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

Environment

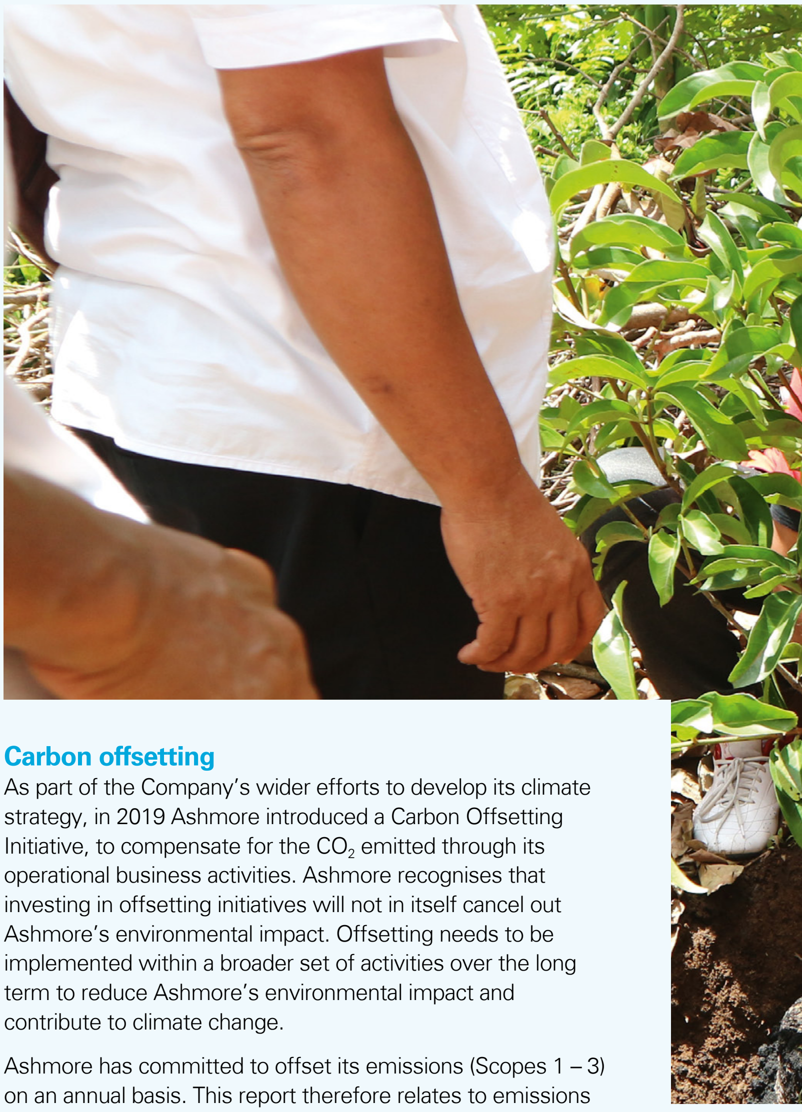
Ashmore is an investment management company whose business is based principally on intellectual capital and it does not own its business premises. Therefore, the Group's direct impact on the environment is limited and consequently there are relatively few environmental risks associated with the Group's activities. Nevertheless, Ashmore has a responsibility to manage these risks as effectively as possible.

Ashmore's largest occupancy is at its headquarters at 61 Aldwych in London where it has a single floor of approximately 19,000 square feet in a nine-storey multi-tenanted building. Electricity usage in London is separately monitored by floor, with energy efficient lighting installed. Mandatory greenhouse gas emissions (GHGs) reporting information can be found in the Directors' report.

Ashmore's largest source of carbon emissions is air travel. Its business model inevitably requires that investment professionals and other employees travel to countries for research and monitoring purposes. However, wherever possible employees will avail the use of technology to minimise air travel. The COVID-19 pandemic restricted travel in the second half of the year and this has had an impact on Ashmore's total emissions for the year. Additionally, it has facilitated greater use of video conferencing facilities, which will benefit the Group in the coming years.

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

Ashmore commissioned a 'display energy certificate' assessment of its London office and complied with the UK Government's Energy Savings Opportunity Scheme (ESOS) Phase 2 before the deadline of 5 December 2019.



Carbon offsetting

As part of the Company's wider efforts to develop its climate strategy, in 2019 Ashmore introduced a Carbon Offsetting Initiative, to compensate for the CO_2 emitted through its operational business activities. Ashmore recognises that investing in offsetting initiatives will not in itself cancel out Ashmore's environmental impact. Offsetting needs to be implemented within a broader set of activities over the long term to reduce Ashmore's environmental impact and contribute to climate change.

Ashmore has committed to offset its emissions (Scopes 1 – 3) on an annual basis. This report therefore relates to emissions reported in the 2019 Annual Report. Emissions disclosed in the current reporting year will be offset over the coming year.

Ashmore has set its internal carbon price based on the recommendation of the High Level Commission on Carbon Prices which estimates that carbon prices of between US$40 and US$80 per tonne of carbon dioxide (tCO_2) are required in 2020 to cost-effectively reduce emissions in line with the temperature goals of the Paris Agreement. Ashmore will review its internal carbon price on a regular basis as global best practice evolves.

Ashmore's carbon offsetting initiative is implemented in collaboration with the Ashmore Foundation. This approach has been taken because Ashmore believes that for such initiatives to deliver sustainable impact, they need to encompass both environmental and social indicators. Ashmore believes that the Ashmore Foundation, with its strong focus on social change, is able to identify and partner with the most appropriate initiatives to deliver such objectives.[1]

2019/20 initiative

This year, the carbon offsetting initiative was implemented by the Indonesian non-governmental organisation IDEP Foundation. Headquartered in Bali, IDEP develops and delivers programmes on community development through permaculture and disaster-risk management. IDEP has been engaged in agroforestry initiatives with communities living on the edge of forests and national parks, known as buffer zones, for several years.

Through this initiative, IDEP continues to expand its multi-approach conservation work in forest buffer zones. The work comprises a mix of climate mitigation, community awareness, forest protection, renewable energy and food security. The specific objectives were to:

- Maximise use of 30 hectares of land around the West Bali National Park and protected forest areas for agroforestry
- Increase protection and conservation of 330 hectares of protected forest within the buffer zone of West Bali National Park
- Increase communities' skills and knowledge of climate change impact and agroforestry for sustainability
- Establish commitment between forest administrators, local government and communities

Targets

Environmental

- 3,000 indigenous tree saplings planted (Teak, Mahogany, Acacia, Sengon)
- 19.5 tonnes of CO_2 absorbed through the planting of 3,000 tree seedlings in 30 hectares of forest (first 12 months only)
- 330 hectares of natural forest conserved over the year
- 3,118 tonnes CO_2 absorbed through forest conservation (first 12 months only)
- 200 families identifying livelihoods alternative to timber activities

Social

- 400 school children improved knowledge of conservation and climate change
- 40 low-income families with improved incomes
- 20 families able to produce post-harvest food from kitchen gardens
- 300 families trained in permaculture and agroforestry approaches and business management

Ashmore, in partnership with the Ashmore Foundation, is proud to be supporting the IDEP Foundation team in its work with communities to reduce climate-related impacts and develop more sustainable ways of living.

1. This approach means that the Initiative is not verified by a third–party certification body. Ashmore will review the requirements for certification over the coming years.

CLIMATE RISKS & OPPORTUNITIES

Ashmore supports the aims of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) to provide stakeholders with consistent and reliable information relating to climate change and its effects.

Ashmore considers climate-related risks and opportunities as they relate to both the Group's operations and its investment activities, and assesses its current activities and disclosures under the TCFD's four thematic headings of Governance, Strategy, Risk management and Metrics and targets. This is an ongoing process that will evolve as regulatory and other developments provide clarity.

Governance

Operational

The Board has ultimate responsibility for the Group's strategy and through its corporate governance framework it aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues. This includes material climate-related issues.

The Board has delegated authority to the executive management who in turn have formed a number of specialised committees with terms of reference to carry out the functions delegated to them. One such specialised committee is the ESG Committee, which has overall responsibility for Ashmore's sustainability and responsible investing framework across its corporate and investment activities, and has as one of its objectives to update the Board on ESG-related matters including those relating to climate.

Investment

Ashmore's investment committees are ultimately responsible for the management of client portfolios. With the oversight of these committees, the Group has integrated the assessment of ESG risks and opportunities, including those related to climate, into its fixed income and equities investment processes.

Strategy

Operational

Ashmore has limited direct exposure to material climate-related risks. Its GHG emissions, disclosed on page 114, primarily relate to air travel and its offices and are relatively low given the asset management business model. Through the annual budget process and regular reporting of financial and other management information, the Board maintains oversight of the level of business travel and any changes in the office network.

As the regulatory environment evolves, Ashmore will seek to adhere to the TCFD's principles and to satisfy the requirements of its regulators and other relevant bodies as they relate to the assessment, management and disclosure of climate-related risks and opportunities.

Investment

Ashmore's investment teams engage with sovereign and corporate issuers on a range of topics, both directly and in collaboration with other stakeholders, which include climate-related matters.

Disclosure of climate-related data such as carbon emissions by Emerging Markets sovereign and corporate issuers is an evolving area and one in which Ashmore engages with those issuers. The Group is assessing the availability and use of carbon footprint data for client portfolios and relevant benchmarks within the relevant parts of its fixed income and equity investment themes. Ashmore will continue to review its ESG product offering in response to actual or potential client demand.

Risk management

Operational

Ashmore's internal control framework provides an ongoing process for identifying, evaluating and managing the Group's emerging and principal risks. The principal risk framework includes climate risk and identifies associated controls and mitigants. Further detail is provided in the Risk management section on pages 35 to 41.

Investment

Investment committees assess climate risks as part of the ongoing analysis of ESG factors. Ashmore's fundamental analysis is primarily based on proprietary research, including engagement with issuers to identify potential investment opportunities. Additionally, the investment committees use third-party data to assist in the ESG scoring process.

Metrics and targets

Operational

As required by the Companies Act, Ashmore reports annually on its GHG emissions and the latest disclosures can be found in the Directors' report on pages 111 to 115.

During the year, the Board examined ways to mitigate or to offset the Group's carbon emissions. Recognising the importance of travel to its business model and the modest absolute levels of carbon emissions, it has provisionally decided to pursue a combined approach of seeking opportunities to reduce overall emissions levels with an offset strategy involving the Ashmore Foundation in order that any financial commitment can be used to support beneficial activities in the Emerging Markets. This approach demonstrates Ashmore's cohesive approach to sustainability.

The impact of the COVID-19 pandemic meant that business travel was significantly curtailed or cancelled in the second half of the financial year, with a commensurate reduction in the Group's GHG emissions.

Investment

Ashmore expects its analysis and reporting of climate-related risks and opportunities and associated metrics and targets for portfolio investments will evolve, particularly as Emerging Markets issuers increasingly adopt measures such as the TCFD recommendations. For example, reporting the carbon footprint of portfolios and benchmark indices requires further assessment due to the limitations of current issuer disclosure and the robustness of estimates currently available from third-party service providers.

Timeline: recent and upcoming climate-related regulatory developments

March 2020

FCA published climate disclosure proposal

May 2020

Consultation on EU's Non-Financial Reporting Directive closed

October 2020

Consultation on FCA climate disclosure proposal closes

Late 2020

FCA to publish climate-related disclosure requirements aligned to TCFD recommendations

December 2022

EU to launch sustainability taxonomy

INVESTMENT SUSTAINABILITY

As a specialist Emerging Markets asset manager, Ashmore recognises the impact its investments can have on the communities and societies in which they are made.

With over 25 years' experience investing in Emerging Markets, Ashmore's investment professionals have developed expertise in understanding broader non-financial metrics and indicators, such as environmental, social and governance (ESG) risks, and their impact on the financial returns they secure for clients.

Ashmore appreciates that industry standards and norms in this area continue to develop and that many investors are still evaluating the role that ESG will play in their strategies and portfolios.

Ashmore continues to use the spectrum of capital and investment approaches, below, as a framework for understanding and describing impact and the relational link between Ashmore's investments and the social and environmental impact of the socially-driven investments made through the Ashmore Foundation in countries where the Group has a presence.

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

Source: Ashmore. Adapted from Bridges Ventures (2012). The Ashmore Foundation is a company limited by guarantee, registered in England (6444943) and is a registered charity in England and Wales (1122351). The Ashmore Foundation is a separate and distinct legal entity from Ashmore Group plc.

Responsible investing policy

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

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

Ashmore's ESG policy is available on its website and is reviewed on an annual basis. The policy applies to all public markets strategies and sets out minimum standards. The policy is based on current ESG norms and outlines ESG assessment and engagement processes. Ashmore expects its approach to evolve as access to robust and reliable data increases.

Investment process

Ashmore has explicitly integrated the analysis of ESG factors into its investment processes. Responsibility for ESG analysis lies with the investment teams, and is undertaken alongside the traditional economic and financial assessment of an issuer.

With 98 investment staff dedicated to Emerging Markets, Ashmore has always relied on its proprietary research and the approach to ESG analysis uses a similar process. Portfolio managers review a range of environmental, social and governance factors when assessing an issuer and use a variety of external secondary data sources, which are complemented by research visits and meetings with issuers. These add depth of understanding and substantiate the secondary data.

ESG scores for each issuer are challenged and reviewed during the relevant theme sub-investment committee meetings, where they are used to help make investment decisions. The ESG risk and opportunity is incorporated into an overall view of an issuer through financial estimates and/or the valuation assessment. ESG scores are reviewed at a minimum on an annual basis, but will also be flagged for review on an event-led basis.

Integrated Approach	– ESG factor assessment fully integrated into Ashmore's investment process – The portfolio manager undertaking the financial analysis carries out ESG assessment – Full incorporation of ESG risks and opportunities into decision-making provides a more comprehensive analysis of investments
Proprietary Methodology	– Unified approach and scoring system by issuer in all global public markets strategies – sovereign, corporate debt and equities – Internal research (research trips and meetings with issuers) complemented by external data sources – Portfolio managers complete Enhanced Financial Analysis (PRI Academy CFA Certified) training to undertake ESG assessment
Investment Decisions	– ESG score for each issuer reviewed and discussed at the relevant theme sub-IC as part of investment approval – ESG scores are reviewed annually at the respective theme sub-IC. Additional reviews triggered on an event-led basis – ESG risk/opportunity is incorporated through financial estimates and/or the valuation assessment
ESG Governance	– Sustainability and ESG integration across the firm led by the Head of Sustainability and ESG Integration – Integration approach and scoring methodology overseen by ESG Committee, chaired by the CIO with representation from each investment committee – Any ESG scores not reviewed for over 12 months will be flagged at the relevant theme sub-IC – Stewardship and engagement processes monitored by the Head of Sustainability and ESG Integration

Public markets strategies

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

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

Portfolio managers score all issuers using a consistent set of questions and data points to inform their view of an issuer's current performance in comparison to ESG 'best practice' and alongside an assessment of the forward-looking performance. Portfolio managers explicitly record their views in a dedicated ESG scorecard.

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

Alternatives investments

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

Ashmore considers relevant ESG issues as part of its due diligence process on prospective investments. 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.

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

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

Responsible investing solutions

In addition to the integration of ESG analysis across all its public markets strategies, Ashmore has launched and seeded dedicated responsible investing products. In February 2019, the Ashmore SICAV Total Return ESG Fund was launched. The blended debt fund seeks to maximise total returns while explicitly integrating ESG performance criteria into the strategy.

In April 2020, Ashmore added to the range with the Ashmore SICAV Emerging Markets Equity ESG Fund, which applies the same philosophy and investment approach applied by the EM All Cap sub-investment committee, but excludes specific industries as well as poor ESG stock performers according to Ashmore's proprietary assessment and scoring.

Stewardship

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

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

In December 2019, in line with the Shareholders Rights Directive II, Ashmore published its engagement policy. During the reporting period, Ashmore's investment teams discussed ESG issues with over 80 companies. The chart below outlines the specific topics discussed.

Board and committees	11%
Business practices	14%
Disclosure	33%
Diversity	2%
Employee welfare	2%
Environment	21%
Minority protection	7%
Remuneration	10%

A third of engagements and dialogues with investee companies centred on the need for improved corporate disclosure of sustainability issues. In particular, the need for greater disclosure on environmental metrics related to climate change, which also featured in the engagements and dialogues on the environment. More recently, with the global spread of COVID-19, dialogues with companies have centred on understanding the measures they are taking to protect staff and to adapt their operations.

Across all alternatives investments, Ashmore seeks to engage those stakeholders affected by investment decisions as early on in the project as feasibly possible. This approach enables investment teams to deliver the most appropriate impact, while maintaining Ashmore's objective to generate superior risk-adjusted returns. In many cases, Ashmore believes it to be beneficial to its investors to be active in promoting its brand locally by improving the livelihoods of the employees in those companies where it has a significant stake.

Proxy voting

In keeping with Ashmore's policy on proxy voting, equity portfolio managers aim to vote on all proxies presented to them. Where they have concerns, they seek to engage with company management and other key stakeholders to address these. The voting summary for the reporting year is summarised below.

Total shareholder meetings at which votes were cast	**293**
Number of resolutions voted	2,586
Percentage voted with management recommendations	83%
Percentage voted against management recommendations	9%
Percentage of abstentions	7%
Percentage of votes withheld	1%

Industry engagements

Ashmore believes that to continue to develop best practice, there is a need to engage, collaborate with and draw upon the expertise of peers.

Ashmore has been a signatory of the UN Principles of Responsible Investment (UNPRI) since 2013 and seeks to continuously improve its annual assessment score and deepen its engagement in PRI initiatives. The Group's 2020 PRI scores can be found below.

Category	2018	2019	2020
Strategy and Governance	A	A	A
Listed Equity – Incorporation	B	B	A
Listed Equity – Active Ownership	C	B	A
Fixed Income – Sovereign	B	B	A
Fixed Income – Corporate	B	A	A
Property	–	B	A
Infrastructure	–	A	A

Signatory of:

PRI Principles for Responsible Investment

In 2020, Ashmore signed up to the Climate Action 100+ investor initiative, that seeks to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. Ashmore looks forward to participating in the initiative in the coming years.

Negative screening

Ashmore believes that investments that do not meet minimum standards should be excluded from client portfolios. Ashmore seeks to comply with applicable government authorities, and, at a geographical level, screens all investments against the UN Security Council and EU/UK Sanctions and the US Office of Foreign Assets and Control lists.

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

Controversial weapons

Ashmore restricts investment in companies engaged in the manufacture, distribution and maintenance of controversial weapons. The scope and breadth of this restriction is outlined in Ashmore's Controversial Weapons policy.

SOCIETAL SUSTAINABILITY

Ashmore recognises that being a member of the global community brings with it responsibility to act in a manner that benefits wider society.

This responsibility is particularly acute in the markets in which Ashmore operates. As such Ashmore seeks to behave in a manner that positively impacts not only its investors but also employees and the communities in which it invests.

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

Supplier Code of Conduct and Modern Slavery

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

Obsolete equipment

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

Ashmore investing in local communities

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

Ashmore employees drive local volunteering initiatives and take part in a range of activities to support disadvantaged communities in their local vicinity. Ashmore continues to make an annual donation to homeless charity Crisis, in support of its Christmas card campaign, as well as an annual donation of foreign coins and banknotes to the Alzheimer's Society.

COVID-19 response

The emergence and rapid spread of the COVID-19 pandemic saw unprecedented changes to every facet of our daily lives. In addition to prioritising the health, safety and welfare of employees globally, Ashmore has sought to respond to societal pressures that the pandemic has surfaced.

In the UK, where Ashmore is headquartered and home to almost half of its employees, a donation of £250,000 was made to NHS Charities Together to support the work of the NHS, with a focus on frontline workers, patient care and community social services.

Additionally, Ashmore committed to matching all employee donations made to charities supporting the COVID-19 relief effort. Based on employee contributions, in the UK donations were made to NHS Charities Together, Children in Need, and the Trussell Trust. In the US, donations were made to New York Presbyterian, the Robin Hood Foundation, Jewish Support Services, and Homes with Hope.

Ashmore India made donations to a number of local Mumbai hospitals, in response to appeals to support the procurement of COVID-related medical equipment. This was supplemented by personal donations from individual staff.

Ashmore Colombia made a donation to Colombia Cuida Colombia, in support of the Association of Food Banks of Colombia, which seeks to improve the distribution of food, goods and services to vulnerable communities. Furthermore, a number of investee companies have donated food (solidarity lunches and nutritional packages) and biosecurity kits (masks, alcohol wipes, antibacterial gel) to the communities and local authorities in their local areas.

Ashmore wishes to thank all employees for the generous donations made to support those most in need at this time.

United Nations Global Compact

WE SUPPORT UN GLOBAL COMPACT

The United Nations Global Compact (UNGC) was launched in 2000 to harness the power of collective action in the promotion of responsible corporate citizenship. The Compact is a framework for businesses that are committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

Ashmore formally became a signatory to the United Nations Global Compact in 2019 and is pleased to reaffirm its support of the ten principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption. Ashmore's 2020 Communications on Progress (COP) is outlined in its 2020 Sustainability report.

The Ashmore Foundation

The Foundation was established in 2008 and seeks to make a positive and sustainable difference to disadvantaged communities in the Emerging Markets in which Ashmore operates and invests.

To achieve this objective, the Ashmore Foundation aims to develop long-term relationships with locally based non-government organisations (NGOs). Since its inception in 2008, the Ashmore Foundation has dispersed over US$6.7 million to 70 civil society organisations in 25 Emerging Market countries.

The Ashmore Foundation functions independently of Ashmore and is registered in the United Kingdom as a charity and company limited by guarantee. It is staffed by a full time Executive Director who is responsible for managing the Foundation's affairs. The board of trustees consists of nine Ashmore employees, as well as one independent trustee. In addition to the board of trustees, Ashmore employees are encouraged to engage directly in the governance of the Foundation through trusteeships and involvement in sub-committees.

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

Ashmore employees organise a range of events from wine tastings to cake bakes to raise funds for the Foundation. In September 2019, 33 Ashmore employees from the Dublin, Jakarta, London, New York, Singapore and Tokyo offices participated in the Ashmore 'Triathlon'. Split into three teams, they cycled, hiked/ran and canoed over 168km in 12 hours, raising over US$109,000 in support of the Foundation and its charitable partners.

Social investing in Emerging Markets

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

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

Impact First Investing

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

For more information about the Ashmore Foundation and the social investments made over the course of the reporting year, please refer to Ashmore's Sustainability report.

Supporting emergencies

Since March 2020, the rapid spread of the COVID-19 virus has significantly impacted the way people conduct their day to day lives. This is particularly the case for communities in Emerging Markets. Daily wage and migrant labourers have lost their livelihoods and disruptions to the supply chain mean that farmers have been unable to sell produce. Moreover, government restrictions have suspended or diverted the interventions of many of the Foundation's civil society partners, severely impacting income.

In order to support communities and civil society partners, in April 2020, trustees approved a ring-fenced sum of US$100,000 to support former and current grantees as they are impacted and respond to COVID-19. Trustees will continue to assess the impact of COVID-19 on plans for future periods.

Sustainable Development Goals (SDGs)

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

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

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

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

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

2 ZERO HUNGER

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

US$500,000 to provide financial capital, training, improved practices and access to formal markets to smallholder farmers across Latin America and sub-Saharan Africa

3 GOOD HEALTH AND WELL-BEING

US$100 million investment in healthcare infrastructure in the United Arab Emirates and Saudi Arabia

US$10 million investment in oncology and diagnostics clinics in Morocco

US$33 million invested in healthcare infrastructure and facilities in Colombia

4 QUALITY EDUCATION

US$164,000 to provide skills training for young people living in informal settlements in Colombia

US$75 million invested in education infrastructure in Saudi Arabia

US$10 million investment in largest school network in Colombia with aggregate student body of 6,000

5 GENDER EQUALITY

US$135,000 invested to shelter over 100 young girls rescued from online sexual exploitation in the Philippines

US$151,000 invested in safeguarding for girls travelling to and from, and while at, school

8 DECENT WORK AND ECONOMIC GROWTH

US$87,500 invested to support social entrepreneurs in Indonesia

US$210,000 invested to improve technical and skills training and provide internship opportunities for school aged children in India

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

US$149 million invested in improving transportation infrastructure across Colombia

US$29 million investment in the construction of 136km of power transmission lines in northern Colombia

11 SUSTAINABLE CITIES AND COMMUNITIES

100 children and young people in Colombia supported to reclaim public spaces from gangs

19,277 low income housing units built in Colombia

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

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

COMMITTED TO ROBUST STANDARDS OF GOVERNANCE

Mark Coombs

Chief Executive Officer (Age 60)

Appointed to the Board: December 1998.

Skills, experience and contribution:
Mark Coombs led the buy-out of the business which became Ashmore and as Chief Executive, has overseen its successful growth for more than 20 years.

Other roles past and present:
He was appointed a Director on the incorporation of the Company 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 46)

Appointed to the Board: November 2013.

Skills, experience and contribution:
Tom Shippey is a chartered accountant with extensive experience in investment management, mergers and acquisitions, capital raising and financial and regulatory reporting.

Other roles past and present:
He 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.

David Bennett

Non-executive Chairman (Age 58)

Appointed to the Board: October 2014 and as Chairman: October 2018 (Independent on appointment).

Skills, experience and contribution:
David Bennett has a wealth of leadership experience in the financial services sector, especially in banking and investment management, having held roles as Chairman, CEO and CFO.

Other roles past and present:
He previously served as 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 Chairman of Virgin Money UK plc and a Non-executive Director of PayPal (Europe) SARL et Cie, S.C.A. He has also served as a Non-executive Director of easyJet plc between 2005 and 2014 and as a Non-executive Director and Chairman of Together Personal Finance Limited between 2010 and 2019. David holds an MA in Economics from Cambridge University.

Committee membership: **N**, R

Clive Adamson

Senior Independent Director (Age 64).

Appointed to the Board: October 2015.

Skills, experience and contribution:
Clive Adamson is highly experienced in financial services regulatory and public policy matters and has served on boards and held executive positions during his career in financial services and corporate banking.

Other roles past and present:
He was Head of Supervision and an Executive Director of the Board of the Financial Conduct Authority until January 2015, and prior to that he held a number of senior roles within its predecessor, the Financial Services Authority. Between 1998 and 2000 he was a Senior Adviser in Banking Supervision at the Bank of England. Clive is currently a Non-executive Director of JP Morgan Securities plc and Chairman of JP Morgan Europe Limited and a Non-executive Director and Chair of the Board Risk Committee of M&G plc. Clive is a Senior Adviser to McKinsey & Co. He was formerly a Non-executive Director and Chair of the Board Risk Committee of Virgin Money UK plc. He holds an MA in Economics from Cambridge University.

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

Jennifer Bingham

Independent Non-executive Director (Age 68)
Appointed to the Board: June 2018.

Skills, experience and contribution:
Jennifer Bingham has in-depth experience in investment oversight of the investment portfolios of family offices and charitable foundations and in her previous executive role in the emerging market fund management business.

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

Committee membership: A, N, R

Dame Anne Pringle DCMG

Independent Non-executive Director (Age 65)
Appointed to the Board: February 2013.

Skills, experience and contribution:
Dame Anne Pringle has extensive experience in diplomacy, international relations and representing the interests of stakeholders, including Government, business and wider society.

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

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

Board and committee attendance

The table below sets out the number of scheduled meetings of the Board and its committees and individual attendance by the Directors.

Meeting attendance between 1 July 2019 and 30 June 2020	Board	N: Nominations Committee	A: Audit and Risk Committee	R: Remuneration Committee
	Attended	Attended	Attended	Attended
Mark Coombs	6/6	–	–	–
Tom Shippey	6/6	–	–	–
Dame Anne Pringle	6/6	2/2	4/4	**Chair 5/5**
David Bennett	6/6	**Chair 2/2**	–	5/5
Clive Adamson	6/6	2/2	**Chair 4/4**	5/5
Jennifer Bingham	6/6	2/2	4/4	5/5

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

HELPING ASHMORE MEET THE CHALLENGE

Dear Shareholder,

The last few months of the financial year have been dominated by the COVID-19 pandemic, the speed and scale of which have been unprecedented. In common with other companies the Group has had to switch rapidly to 'working from home' in all its offices, globally. The Group's response to COVID-19 is explained in more detail on pages 10 to 11, but I am pleased to say that from a governance perspective our arrangements have continued seamlessly and we have been able to maintain our normal schedule of Board and committee meetings remotely, with the Board focusing on the pandemic and its implications for Ashmore at its meeting earlier this year.

Last year, I explained the preparations we were making to comply with the 2018 UK Corporate Governance Code and this financial year is the first in which we have had to report against it. The 2018 Code brings a change in emphasis and this, together with other changes in reporting requirements has led us to continue to evolve and enhance our governance arrangements during the year.

Governance and company purpose

The efficiency and effectiveness of our governance structure is vital to the delivery of the Group's strategy. On page 69 is a summary of the Board's activities during the year, including the part that the Board played in setting the strategy and keeping it under review. The Delegated authorities and Schedule of matters reserved to the Board are reviewed annually and ensure that any key decisions are brought to the Board. Once again this year, we reviewed the culture of the Group by reference to a dashboard of metrics. We also approved a statement of the Company's purpose and a description is included at page 1 above.

Engagement with stakeholders

In last year's Annual Report we described who our stakeholders are, and how we engage with them. This year we have provided more information (pages 42 to 45) including the outcomes that resulted from that engagement and two case studies to illustrate how we have had regard to stakeholder interests in real world situations.

As a Board, we have had direct engagement with our shareholders during the year. Recently, I met with one of our major shareholders for a wide ranging discussion of how the Ashmore Board and governance structure operates and the relationship between the Executive and Non-executive Directors. Together with the Chair of the Remuneration Committee, there was also engagement with major shareholders to discuss the Group's remuneration practices. These engagement activities, along with those of the Chief Executive, the Group Finance Director and the Head of Investor Relations, are reported back to the Board as part of a standing agenda item. A calendar of shareholder engagement appears on page 44.

At last year's Annual General Meeting (AGM) there was a significant dissenting vote (21.87%) against the resolution for the re-election of the Chair of the Remuneration Committee. In April we provided an update, commenting that whilst there was broad-based support for Ashmore's Group-wide remuneration policy, certain corporate governance teams remained opposed to specific elements of that policy. This continues to be our understanding of the relevant shareholders' views, and we will continue to engage with all our major shareholders on all aspects of our remuneration arrangements. This year shareholders will have an opportunity to vote on the Directors' Remuneration Policy in addition to the Remuneration Report at the forthcoming AGM. More information on the Policy and the rationale underlying our arrangements, can be found in the statement from the Chair of the Remuneration Committee on page 75.

Engagement with employees

In this report last year, I explained how, over the past few years, the Board had engaged directly with the workforce. Small groups of employees are invited into the Boardroom at the end of each scheduled meeting on a rotational basis, to talk to the Directors face-to-face. The format is a two-way informal discussion with no agenda or scripted questions. It is an opportunity for both employees and Directors alike to ask questions of one another as part of a free flowing discussion. It has provided valuable insights into the culture of the business, particularly for the Non-executive Directors who get the opportunity to talk directly to employees at all levels of the organisation. This arrangement is workable because Ashmore has a relatively small number of employees and it has allowed the Board to meet all UK-based teams over the period since its inception in 2016. This has been supplemented with the Board meeting representatives of the offices outside the UK through an ongoing cycle of presentations. Unfortunately, since the end of the financial year, the Government 'stay at home' restrictions resulting from the Coronavirus pandemic have meant that temporarily, it has not been possible to hold face-to-face sessions and the 'lockdown' also meant that a planned visit by the Board to the Singapore and Jakarta offices in April this year, had to be postponed.

In addition to the existing arrangements, the Board took the step this year of appointing Jennifer Bingham as the Non-executive Director responsible for workforce engagement. This is one of the three methods for achieving workforce engagement specified by the Code. Whilst the Board were comfortable with the level of engagement prior to the introduction of the new Code, they recognised that appointing a Non-executive Director to this role would allow employees globally, to initiate contact with the Board at any time and on any topic. It was therefore, felt to be complementary to the scheduled 'teams meet the Board' sessions.

The Board also has responsibility for oversight of the Group's whistleblowing arrangements and the Senior Independent Director, Clive Adamson, acts as the nominated Director with responsibility for whistleblowing. An outside agency is retained to provide an independent channel through which staff can raise concerns. Once again this year, there have been no whistleblowing reports.

However, it remains important that all employees are aware of, and have access to these arrangements, in case they are ever needed. The annual reminder of these arrangements, which included a copy of the policy was sent to all staff during July 2020.

Board evaluation

The next triennial, externally-facilitated, evaluation will take place in 2021. This year we conducted an internal Board evaluation which included an assessment of the effectiveness of the Board, its committees and individual directors. I led a discussion of the findings at our meeting in June. Separately, Clive Adamson, our Senior Independent Director, led an evaluation of my performance and a discussion of his findings (without me being present). Topics covered in the Board evaluation included the format of committee meetings, the quality of board materials and reporting, board succession planning and employee engagement. Details of what each Director contributes to the Board are provided in the Directors' profiles on pages 61 to 62 and the Board is recommending the re-election of all Directors at this year's AGM.

Rewarding our people

Ashmore has a single remuneration policy which applies to its workforce and Executive Directors alike. (There are some additional restrictions for Directors). More information on how Ashmore invests in and rewards its people is provided in the Remuneration Report on page 75.

Diversity

In order to achieve its strategy the Group needs to attract and develop a diverse workforce. We reported last year that we had met the target set by Lord Davies for gender diversity on the Board and the gender diversity of our employees and senior management is reported on page 48. Ashmore is an organisation which spans multiple cultures and ethnicities, but we need to continue to take active steps to improve our diversity. Last year we reported on the changes to the Nomination Committee's terms of reference, aimed at achieving diversity in senior management appointments. This year the Board has discussed diversity at two of its meetings and enhanced its diversity policies. (These are described in the Directors' Report on page 111). We believe we are already an inclusive employer, but we continue to seek opportunities to improve our ethnic and gender diversity.

Board time commitments

During the year there were changes to some of the Directors' time commitments outside Ashmore. Clive Adamson was appointed as a Non-Executive Director of a FTSE-100 company and I was appointed as Chairman of a FTSE-250 company. In both cases, any potential conflict and/or additional time commitment was declared to the Ashmore Group plc Board and approval given (without the relevant Director voting).These appointments were approved because the overall time commitments of the relevant Director (bearing in mind any roles that had also been relinquished) was not considered to impinge on their duties to Ashmore. Nor were they considered to be 'over-boaded' as a result. (Details of all the Directors' other commitments are provided on pages 61 to 62).

2018 UK Corporate Governance Code Compliance Statement:

We have complied with the Code during the year and we have described how we have applied each of the Principles of the new Code on pages 65 to 66.

Wider society

Along with other investment managers, Ashmore provides the means by which members of society can meet their long-term financial goals. As a specialist Emerging Markets manager, Ashmore contributes by enabling its clients to access a broad range of equity, fixed income and alternatives strategies with a diversified set of investment opportunities and risk/reward profiles. Our clients range from individuals, investing through intermediary retail channels, to large, sophisticated institutions such as pension funds, central banks and corporate treasury functions, They all have the common goal of securing long-term financial benefits for themselves and their stakeholders. The structural growth challenges and persistently low interest rates in the developed world mean it is increasingly important to demonstrate and provide access to the growth, yield and investment return opportunities available across the Emerging Markets. For private individuals investing in Ashmore funds indirectly, via intermediaries, the returns they earn on their investments allow them to meet their financial objectives over the longer term.

Interest in ESG, from both shareholders and clients alike, continues to grow and Ashmore is mindful of the impact of its activities in the countries in which it operates and invests. Our Section 172 reporting on pages 42 to 45 sets out how we have taken account of our stakeholders and the Sustainability Report on pages 46 to 60 describes the good work that has been done this year by the Ashmore Foundation and the offsetting of our carbon emissions.

Dividend

In a year which ended with the COVID-19 pandemic and the resulting impact on markets globally, it is pleasing to report that the Company will still be in a position to pay a final dividend. The Group has not furloughed any of its staff or voluntarily taken advantage of COVID-19 related Government support. The Board is recommending a final dividend of 12.10p per share, to give total dividends per share for the year of 16.90 p.

David Bennett
Chairman

10 September 2020

APPLYING THE PRINCIPLES OF THE GOVERNANCE CODE

The UK Corporate Governance Code 2018 (the 'Code') applied to the Company's financial year ended 30 June 2020. The Company confirms that it applied the principles and complied with all the provisions of the Code. Using the alphabetical references which appear against each of the principles of the Code, the Company explains below how it has applied them. (The Code is available at: www.frc.org.uk)

A. The Board provides effective and entrepreneurial leadership for the Group. It is mindful of its role to promote long-term sustainable success. The success of the Board in delivering shareholder value is illustrated on pages 18 to 19, but the challenge is to ensure that this success continues and is sustainable. Page 45 of this report includes examples of the decisions taken by the Board during the year and the factors that were considered when making those decisions. The Sustainability Report at page 48 describes the Group's approach to being a responsible business and how we assess our impact on wider society.

B. The Board keeps under review the Company's purpose, values and strategy and makes sure that these elements and the culture of Ashmore remain aligned. The Board recognises that the culture is determined by those who lead the business. At page 69 is a summary of the Board's activity during the year, including how it reviews strategy and culture.

C. The most important decisions for the Group rest with the Board and it is the Board's role to ensure that the necessary resources are in place for the Group to achieve its strategy and deliver long term performance. The risk management report on pages 35 to 41 and the Audit and Risk Committee Report at page 70 describe the framework of controls which allow risks to be evaluated and managed.

D. The Board recognises that effective engagement with shareholders and stakeholders is key to ensuring the Group's long-term sustainable success. The ways in which it has engaged with, and encouraged participation from shareholders and stakeholders alike during the year are described in the Chairman's Statement on page 63 and the Company's Section 172 report on page 42 respectively.

E. At Ashmore it is fundamental that all policy and practice in relation to the Group's employees is conducive to promoting the long term sustainable success of the business and is consistent with the Group's culture and values. The Senior Independent Director assumes the role of whistleblowing champion. (Further details are set out in the Chairman's statement on page 63).

F. The Chairman leads the Board and is responsible for its overall effectiveness. He was independent upon appointment. As described in his statement on page 63, the Chairman recognises the importance of a cohesive and open Board culture, a constructive relationship with the executives and Board proceedings that are based on clear, accurate and timely information flows.

G. The Board has entrusted the Nominations Committee with responsibility for ensuring that through the combination of Executive and Non-executive Directors (all of whom are independent) there continues to be the right balance of skills and experience on the Board with no one individual or group of individuals dominating decision-making. As described in the Committee's Report on page 74 the composition of the Board and its structure is reviewed bi-annually. The division of responsibilities between the Chairman, the Chief Executive and the Senior Independent Director was approved by the Board during the year and is described on page 68. A schedule of matters reserved to the Board ensures that there is a clear division of responsibilities between the Board and the executives and this is reviewed and if appropriate updated, annually.

H. The time commitment expected of the Non-executive Directors is set out in their appointment letters and they are required to seek approval for any significant new commitments in advance. The Board approved new commitments during the year and details are set out in the Chairman's Report on page 63. None of these were judged to impinge upon the time commitment of the relevant Directors to the Board. The Directors' other commitments are listed at pages 61 to 62 and their attendance at meetings on page 62. Further information on how the Board operates, provides challenge and holds the executives to account is provided in the sections on the 'Corporate Governance Framework', the 'Roles of the Board' and 'Board activity during the year' on pages 68 to 69.

I. The Chairman and the Group Company Secretary have a regular dialogue and meet together in advance of each scheduled meeting to discuss the agenda, the timings and the information and the presentations, which will be given to the Board. Other Directors are asked to give their feedback on these aspects, including as part of the annual Board evaluation. The Board's committees are also given support as well as the time and resources needed to ensure that they function effectively and again this is considered as part of the annual evaluation. Further information on the functioning of the committees is provided in their respective reports on pages 70, 74 and 75.

J. The process for making Board appointments is led by the Nominations Committee which makes recommendations to the Board. The Nominations Committee is also responsible for succession planning for both the Board and senior management and reviewed both during the year. The work of the Nominations Committee is described on page 74 which addresses how the Committee seeks to promote diversity.

K. In reviewing the composition and tenure of the Board, the Nominations Committee will consider the skills, experience and knowledge of any candidate by comparison to those of the existing Board members taking account of the need to replace skills of any Director leaving the Board. In addition, the Chairman will ensure that there is provision of ongoing training to existing Board members and suitable induction training for new Directors. Further details of training provided during the year are set out in the summary of Board activity on page 69.

L. An internally facilitated Board evaluation was carried out in the FY2019/20 with the last external evaluation having taken place in 2017/18 based on a three-year cycle. This year individual evaluation of Directors was carried out by the Chairman and the Executive Directors were subject to the employee performance management processes. The performance of the Chairman is the subject of a separate review, which is led by the Senior Independent Director, culminating in a discussion by the other Non-executive Directors. Further information on this year's Board review and review of the Chairman's performance is provided on page 64.

M. The Audit and Risk Committee monitors the independence and effectiveness of the internal audit function and external auditors and has oversight of the Group's financial reporting. (Further details are set out in the Audit and Risk Committee Report, page 70).

N. The Board is responsible for ensuring that the Group's annual and interim reporting are a fair, balanced and understandable assessment of the Company's position and prospects. There is a robust process in place for ensuring that this is the case and it is described on page 71.

O. The Board is ultimately responsible for aligning the risk appetite of the Group with its long-term strategic objectives, whilst taking account of the principal and emerging risks it faces. Risk is managed through Ashmore's internal control framework which is described on pages 36 to 41. The Audit and Risk Committee has oversight of the effectiveness of internal controls and for developing proposals in respect of overall risk appetite and tolerance as well as metrics to monitor the Group's risk management performance. (Further details are set out in the Audit and Risk Committee Report, page 70).

P. The Group is committed to a Remuneration Policy which is substantially the same for all Group employees and aimed at promoting the long-term and sustainable success of the Company. The Remuneration Report on pages 75 to 109 provides further details. The Remuneration Policy can be found on pages 92 to 98. There will be a binding shareholder vote on the Remuneration Policy at the 2020 AGM. (Further details are set out in the Remuneration Report, page 75).

Q. Ashmore has a formal and transparent procedure for developing the Remuneration Policy, and no director is involved in deciding their own remuneration. (Further details are set out in the Remuneration Report, page 75).

R. The Remuneration Committee is comprised entirely of independent non-executive directors to ensure independent judgement with regard to remuneration outcomes. The Committee considers remuneration of Directors and senior managers on an annual basis and determines outcomes by assessing executive performance against performance criteria. (Further details are set out in the Remuneration Report, page 75).

CORPORATE GOVERNANCE FRAMEWORK

plc Board of Directors
Responsible for overall strategy, management and control

plc Remuneration Committee
Determines compensation for Code Staff and reviews compensation for Control Staff

plc Audit and Risk Committee
Separate detailed terms of reference in line with corporate governance best practice

plc Executive Directors

Specialised Committees
Responsible for overseeing business, investments and internal controls

- Investment Committees
- Pricing Methodology and Valuation Committee
- Product Committee
- Global Investment Performance Standards Committee
- Awards Committee
- Disclosure Committee
- Research Oversight Committee
- Operating Committee
- Risk and Compliance Committee
- Pricing Oversight Committee
- Foreign Exchange and Liquidity Management Committee
- IT Steering Group
- Best Execution Committee
- ESG Committee

Auditors

External:

Independent assurance via audit of Group Financial Statements and audit of internal control procedures under ISAE 3402 and SSAE 18

Internally resourced:

Independent assurance via audit directed at specific departmental control procedures

Senior Management
Responsible for day to day management

ROLES OF THE BOARD

Executive roles

Chief Executive

Responsible for managing and leading the business and its employees

Chair of the fixed income investment committee

Chair of the equities investment committee

Developing an effective relationship with the Chairman and the Board

Leading the business towards achievement of the strategy

Maintaining an effective dialogue with shareholders and stakeholders

Making business decisions (within the frame-work of the Board's delegated authorities)

Group Finance Director

Managing the Group's capital, cash flow and liquidity

Responsible for the Group's financial reporting and leading the annual budget process

Maintaining an effective dialogue with shareholders and analysts on the performance of the Company

Responsible for corporate development, including mergers and acquisitions

Managing the Group's subsidiaries

Non-executive roles

Chairman

Responsible for leading the Board and its overall effectiveness

Building an effective and diverse Board with complementary skills which is progressively refreshed

Facilitating and encouraging an effective contribution from all Board members

Ensuring the Board have clear, accurate and timely information

Facilitating an annual evaluation of the Board, its committees and individual Directors

Senior Independent Director

A sounding board for the Chairman and an intermediary for the other Directors and shareholders

Facilitating an annual review of the performance of the Chairman

Non-executive Directors

Providing oversight of, but not managing, the business

Providing effective independent oversight and challenge of the executive management

Scrutinising the performance of executive management

The Company Secretary is responsible for advising the Board on all governance matters. (The appointment or removal of the Company Secretary is a matter for the whole Board).

BOARD ACTIVITY
DURING THE YEAR

In addition to its regular business, specific topics considered by the Board at its meetings this year, included:

September 2019

- Annual Review on the Effectiveness of Risk Management and Internal Control Systems
- Internal Capital Adequacy Assessment Process (ICAAP) Report
- 'Deep dive' presentations on:
  - Healthcare
  - Distribution
  - The Ashmore Foundation

October 2019

- Operations and IT 'deep dive'
- Annual General Meeting arrangements, results of proxy voting and governance agency reports.

December 2019

- Annual review of Culture, Conduct and Diversity
- Group strategy review
- Annual review of delegated authorities and matters reserved to the Board
- Modern Slavery Act statement
- ESG 'deep dive'
- Tax 'deep dive'
- Programme of board presentations for the following year:

February 2020

- Feedback to the Board from the Audit and Risk Committee's annual Cyber Security review
- Review of Diversity policy
- Corporate Debt investment theme 'deep dive'

April 2020

- Review of the Group's response to the COVID-19 pandemic
  - Board evaluation arrangements
  - Renewal of the Group's insurances

June 2020

- 2020/21 Budget
- Carbon offsetting
- External Debt investment theme 'deep dive'

The standing items on the agenda at each Board meeting include:

- Declaration of Directors' potential conflicts of interest and any significant additional time commitments
- Reports from Chairs of committees
- Monthly management report
- Investor relations and communications
- Strategy update

Post-meeting:

- Teams meet the Board
- Non-executive Directors' private sessions
- Board evaluation

Board training:

- FCA Senior Managers and Certification Regime
- Cyber security
- Ongoing quarterly on-line training modules

TO PROVIDE OVERSIGHT AND CHALLENGE

I am pleased to present the report on the activities of the Audit and Risk Committee for the financial year ended 30 June 2020. The Committee remains central to the oversight of the Group's financial reporting, risk management, control and assurance processes and internal and external audit.

Clive Adamson
Chair

Activities and membership

The Committee held four scheduled meetings during the year and its activities are described on page 71. During the year under review the following Non-executive Directors served on the Committee, the membership of which was compliant with the Code:

– Clive Adamson (Chair)
– Jennifer Bingham
– Dame Anne Pringle

With regard to the Committee's membership, the Board is satisfied that for the year under review and going forward, I have recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates.

The terms of reference for the Committee include the following provisions:

– monitoring and challenging the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial statements or performance and any significant financial reporting 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;
– developing proposals in respect of overall risk appetite and tolerance as well as metrics to monitor the Group's risk management performance;
– reviewing the effectiveness of the Group's internal control and risk management systems;
– overseeing and challenging the day-to-day risk management and oversight arrangements of the executive;
– overseeing and challenging the design and execution of stress and scenario testing;
– providing assurance to the Board to allow the Directors to confirm that they have carried out a robust assessment of the emerging and principal risks facing the Company;
– considering and approving the remit of the compliance, internal audit and risk management functions and ensuring that they have adequate independence;
– monitoring and reviewing the effectiveness of the activities of the internal audit function and the Company's overall risk management and control systems;
– reviewing and assessing the internal audit plan;
– reviewing the external auditor's plan for the audit of the Group's financial statements, reviewing and monitoring their independence and objectivity and approving the terms of engagement and proposed fees for the audit;
– reviewing and monitoring the effectiveness of the external audit process;
– negotiating and approving the auditors' remuneration, whether fees are for audit or non-audit services;
– making recommendations to the Board for a resolution to be put to shareholders to approve the reappointment of the external auditor;
– reviewing the Company's systems and controls for detecting fraud and the prevention of bribery; and
– reviewing the Committee's terms of reference and carrying out an annual performance evaluation exercise; and reporting to the Board on how it has discharged its responsibilities.

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

For each of the half year and annual financial statements, a review is undertaken by a panel comprising the Group Finance Director, the Head of Group Finance, the Head of Investor Relations and the Company Secretary to ensure that the reporting is 'fair, balanced and understandable' and this is taken into account by the Committee in advising the Board as to whether these criteria have been met.

Meetings

During the year the Committee considered a range of topics including a revised Corporate Foreign Exchange and Liquidity Policy, the valuation of seed capital investments, cyber security and the new reporting requirements in connection with directors' duties under Section 172 of the Companies Act 2006. The Committee received reports from the Group Head of Compliance, the Head of Internal Audit and the Group Head of Risk Management and Control, including in relation to the Annual Review of Risk Management and Internal Control Systems. The number of Committee meetings and their attendance by the Directors are set out in the table on page 62. The Committee met four times during the year under review. Scheduled meetings of the Committee take place on the day prior to a Board meeting to maximise the efficiency of interaction with the Board. The Chair, reports to the Board on the business of any Committee meetings, as part of a separate agenda item at the next following Board meeting. All Non-executive Directors are invited to attend meetings of the Committee.

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

Financial statements

The Committee reviewed the 2020 Annual Report, the interim results and reports from the external auditor, KPMG LLP, on the outcome of its reviews and audits in the FY 2019/20.

Significant accounting matters

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

Level 3 seed capital investments

Ashmore holds level 3 investments as a result of the Group's seeding programme. The valuation of these investments is judgemental and may involve a high level of estimate uncertainty. The methodology adopted to value the investments and the sensitivity analysis around the valuation are discussed in note 20. The key judgement and estimates involved are discussed in note 31.

A report from the auditor regarding the valuation and control processes around level 3 assets was received and reviewed by the Committee in the year. The method of accounting for level 3 assets can be found on page 133.

Other accounting matters

During the year, the Committee received communications from management and from the external auditor on other accounting matters. The Committee has also reviewed the adoption of the going concern basis in preparing the interim and year end consolidated accounts and considered the longer-term viability statement for the Group, which is described in more detail on page 37.

UK Corporate Governance Code

A separate Corporate Governance Report is included on pages 63 to 74 which includes explanation of how the Group has applied each of the principles of the 2018 UK Corporate Governance Code.

External auditor

For FY2019/20 Thomas Brown was the KPMG audit partner, having first assumed responsibility for the audit of the Group in FY2016/17. The FRC's Ethical Standards for Auditors require that for a listed entity, KPMG rotate the audit partners every five years.

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

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

External auditor independence

The Committee has agreed the types of permitted and non-permitted non-audit services and those which require explicit prior approval. All contracts for non-audit services in excess of £25,000 must be notified to the Chair of the Committee and approved by me. KPMG announced in November 2018 that they would cease to provide permissible non-audit services to their FTSE 350 audit clients (including the Company), unless the services in question are closely related to audit, which the majority of the services provided by KPMG to the Group are.

During the year under review the value of non-audit services provided by KPMG LLP amounted to £0.1 million (FY2018/19: £0.3 million). Non-audit services as a proportion of total fees paid to the auditor were approximately 17% (FY2018/19: 38%). The overall quantum of non-audit services is not considered to be significant given that Ashmore operates within a highly regulated market and that a significant proportion of the non-audit services provided relate to the following matters:

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

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

During the year there were no circumstances where KPMG LLP was engaged to provide services which might have led to a conflict of interests. In addition to KPMG's own policy on non-audit services the UK audit legislation restricts the non-audit services which can be provided by the auditor. In compliance with this requirement, Deloitte provide independent tax advice services to the Group.

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

The Committee is mindful of the various legal and regulatory requirements for rotation and tendering of the external audit including the EU Audit Regulation 537/14, now implemented in the UK through the Statutory Auditors and Third Country Auditors regulations 2016 (SI 2016/649), (UK audit legislation) the Competition and Markets Authority Order and the UK Corporate Governance Code. Mandatory audit firm rotation is required after 20 years[1] and a re-tender must be conducted at least every 10 years. The Code requires disclosure of the length of tenure of the current audit firm and when a tender was last conducted, as well as advance notice of any re-tendering plans. KPMG LLP (and its prior entity KPMG Audit plc) have acted as the auditor to the Company since the IPO in October 2006 and the lead audit partner rotates every five years to assure independence. The Committee undertook a comprehensive tender process in March 2016 for the audit in relation to the year ending 30 June 2017 and has no plans to re-tender the audit at the present time.

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

In order to assess the effectiveness of the external audit process, the Committee asked detailed questions of key members of management. Based on this review the Committee concurred with management's view that there had been appropriate focus and challenge of the primary areas of audit risk and assessed the quality of the audit to be satisfactory. The Committee receives reports from the auditors on current and pending legal and regulatory actions being brought against KPMG. The Committee is satisfied with the work of KPMG LLP and that it continues to remain objective and independent. The Committee has therefore recommended to the Board that a resolution be put to shareholders for the reappointment of the auditor, and its remuneration and terms of engagement, at the Annual General Meeting of the Company.

Internal controls and risk management systems

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

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

A detailed description of the risk management framework and the manner in which risks are identified and managed is set out on pages 35 to 41.

1. Subject to transitional arrangements.

Internal audit

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

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

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

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

Compliance

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

Information security

Information security (including cyber security) is identified as a key principal risk to the business which is subject to Ashmore's governance, policies and procedures and risk assessment. The Committee receives annual updates from the Ashmore IT Department on potential cyber security threats and how Ashmore would respond to a significant event. Committee members also attended a separate briefing with the Head of IT Infrastructure on Cyber Security matters, including minimising risk in respect of their own IT arrangements.

Funds' audits

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

Audit and Risk Committee effectiveness

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

Clive Adamson
Chair of the Audit and Risk Committee

10 September 2020

TO ENSURE A FAIR AND BALANCED BOARD

There were no changes to the membership of the Committee this year. The Company's 2019/20 financial year was a year in which the Board and committee structure put in place in 2018 continued to operate effectively for the benefit of the Group.

During the year, the Committee discussed succession planning for both the Board and the senior management. The Committee was able to satisfy itself that the plans in place, were suitable and could be relied upon in the event of any unexpected developments.

David Bennett
Chairman

Activities

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

– David Bennett (Chair)
– Clive Adamson
– Jennifer Bingham
– Dame Anne Pringle

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

– reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and its committees; and
– reviewing annually the time required from each Non-executive Director, using performance evaluation to assess whether the Non-executive Director is giving sufficient commitment to the role.

The Committee's terms of reference also include a number of provisions which were added specifically to ensure compliance with the 2018 UK Corporate Governance Code These include provisions for the Committee to:

i. ensure candidates are not 'overboarded' and have sufficient time available to discharge their duties;
ii. consider candidates on merit and against objective criteria and within this context promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths;
iii. make arrangements for existing Directors to seek Board approval in advance of taking on any significant new commitment with the reasons for approval being explained in the Annual Report;
iv. make recommendations to the Board concerning the diversity policy of the Group, ensuring that candidate pools for Board or senior management appointments (whilst being assembled on merit) wherever possible include candidates of different gender, ethnic and social backgrounds; and
v. ensure that, in normal circumstances, a Chair of the Board shall not serve for longer than nine years from the date on which they were first appointed to the Board.

In making recommendations to the Board concerning the diversity policy, the Committee takes account of the need for a 'diverse pipeline' for succession to both Board and senior management positions whilst accepting that with a workforce of only 306 employees globally, it is unrealistic to expect a 'diverse pipeline' to be available from within the organisation for every senior management vacancy. To counter balance this, the Terms of Reference of the Committee provide that it will focus on diversity within candidate pools. (Ashmore's policy on diversity is described in the Directors' report on page 111).

The Committee considers the appointment and replacement of Directors subject to the rules set out in the Articles of Association. In accordance with the UK Corporate Governance Code the Committee will consider the balance of skills, experience, independence and knowledge on the Board in filling any vacancies. The Committee may engage an independent search consultant with no connection to the Ashmore Group to find appropriate candidates for the Board with the requisite skills, and in doing so will take account of relevant guidelines and legislation relating to the appointment of individuals to boards (including but not limited to the Equality Act 2010, relevant European Union law and guidance from the Equality and Human Rights Commission). The Committee may also consider candidates introduced to the Company from other sources. The Committee has not set any measurable objectives for diversity (including gender diversity) in making Board appointments, but meets the target set by the Davies report of 33% female representation on the Board. Details of the gender balance of the senior management and the workforce as a whole are provided on page 48.

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

The number of Committee meetings and their attendance by the Directors are set out in the table on page 62.

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

David Bennett
Chair of the Nominations Committee

10 September 2020

REMUNERATION COMMITTEE

Introduction

The current market cycle has been a challenging one for Ashmore's management team and there remains significant uncertainty about the future economic and social impacts of COVID-19.

Ashmore has been very successful in maintaining its operational effectiveness through this period of changing working patterns and market volatility, but while the operational and financial performance is solid, certain other short-term outcomes for stakeholders have fallen below expectations.

While there are early indications that markets began to recover in the final quarter of the financial year, the snap-shot at 30 June 2020 shows 9% of AuM outperforming over one year and 17% over three years. During the year US$24.3bn in gross subscriptions was matched by US$24.4bn in gross redemptions meaning that when combined with negative investment performance, AuM has fallen from US$91.8bn to US$83.6bn over the year.

The importance of remuneration in shaping a resilient culture

A distinctive feature of the Remuneration Policy at Ashmore is that it has been designed to apply to all Ashmore Group employees, not just the Executive Directors, which is a material factor in defining and shaping both the Remuneration Policy and Ashmore's culture as an organisation.

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

The Remuneration Policy has been designed with this in mind and is a material driver of culture and employee retention, with its focus both on the long-term alignment of the interests of employees, clients and shareholders, and a proportionality of reward outcome, where the link between reward, strategy execution and long-term performance is very clear, and where poor performance outcomes are not rewarded.

While the 2020 calendar year has been a challenging one with the social and economic impacts of COVID-19 still being felt around the world, it is during periods such as this that the value of the flexibility within the current policy shines through, and ensures that remuneration outcomes are genuinely aligned with the long-term interests of the Group's stakeholders.

Current Remuneration Policy

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

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

The key features of the Policy that help to shape Ashmore's culture and resilience through cycles are outlined below.

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

This is demonstrated during the current period by the fact that the Group has not furloughed or made redundant any employees as a result of the COVID-19 pandemic and nor has it voluntarily taken advantage of any government or other support schemes in any of the countries in which it operates.

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

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

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

.

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

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

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

Employee shareholding reinforces long-term alignment of interests

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

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

The remuneration model generates strong retention for employees, who are able to build up a meaningful shareholding in the firm over time, thus aligning them with the long-term interests of clients, shareholders and their colleagues, while also complying with the various remuneration regulations. The five-year deferral and cliff vesting of share awards also provides a smoothing of income over time which again aids retention of employees through market cycles. Approximately 40% of outstanding shares are either owned directly or as restricted share awards by all eligible employees, who average over seven years of service.

The Directors Remuneration Policy

During both the 2018/19 and 2019/20 financial years we spent considerable time consulting with shareholders and listening to their feedback, resulting in a substantially revised remuneration report being issued last year.

While there is broad based support for Ashmore's flexible and equity-orientated Group-wide remuneration policy, certain corporate governance teams remain opposed to specific elements of the remuneration policy that, when looked at in isolation, do not conform to generic executive compensation guidelines. There have been two consistent themes raised by certain investors through their feedback on Ashmore's Remuneration Policy. Firstly, the fact that Ashmore has one consistent Remuneration Policy for its employees including Executive Directors, meaning that Executive Directors have uncapped individual bonuses and the ability to sacrifice up to half of their cash bonus for an equivalent value of restricted shares which are deferred for five years and attract a matching restricted share award; and secondly, that the Remuneration Committee had not provided detailed disclosure on the annual assessment of performance it undertakes for Executive Directors and how this process leads to annual bonus awards.

To that end, last year we provided a greater degree of disclosure on how the Remuneration Committee exercises strong governance, control, and discretion to give a greater degree of reassurance to shareholders, and provided a more in-depth explanation of why we believe that our current Remuneration Policy achieves the most appropriate outcomes for shareholders over time. The enhanced level of disclosure has been maintained in this year's Directors Remuneration Report.

The Company continues to maintain a dialogue with its shareholders in relation to all aspects of its remuneration arrangements, and as part of that ongoing communication process I will reiterate here why we believe that the current Remuneration Policy remains the most appropriate structure for the Group, and is entirely aligned with the interests of shareholders and supportive of the business strategy and culture through market cycles.

At the forthcoming AGM we will ask shareholders to vote to approve the Remuneration Policy applicable to the two Executive Directors for the next triennial period.

While we are not proposing to make any substantive changes to the Remuneration Policy we have nevertheless drafted the proposed Policy to ensure we have the ability to respond to all requirements under the UK equivalent of the new Investment Firm Directive, which is expected to apply to variable pay awards for the performance year beginning on 1 July 2021. In addition, and as noted last year, we are also modifying the policy to include the requirement for Directors to maintain a 200% of salary shareholding for the period of two years post the termination of their employment.

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

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

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

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

The Group's history demonstrates that there is significant variability, in terms of both the proportion of profits made available for variable remuneration and also the awards made to senior managers and Executive Directors. The Remuneration Committee has a demonstrable record of paying Executive Directors only for performance, with zero awards in some years and occasions where discretion has been exercised to reduce awards in other years.

This approach supports the Group's strategy and provides significant cost flexibility in a cyclical business, thus aligning the interests of clients, shareholders and employees through market cycles, and which in combination with ongoing performance conditions, seeks to support and encourage long-term decision making.

Performance assessment

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

The business is focused on delivering against an established long-term strategy and clear key performance indicators, both of which have remained consistent for a number of years. The overarching strategy described in detail on pages 2 and 3 comprises the establishment of the Emerging Markets as an asset class, the diversification of investment themes within this and the sourcing of developed world capital as investors into these themes, and finally the mobilisation of Emerging Markets capital both through investors into global Emerging Market products and through the establishment of offices in a range of Emerging Market locations, sourcing and managing local and international capital. The key performance indicators put in place to measure achievement against this strategy described in detail on pages 18 and 19 are the development over time of assets under management, delivering investment performance for clients and remaining profitable as a business while maintaining a strong balance sheet.

Consistent assessment criteria

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

Vesting of these restricted share awards is subject to three equally-weighted performance conditions, applied over the five-year period. These directly correlate with the Group's key performance indicators, relating to delivery of investment outperformance, growth in assets under management and profitability.

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

Thorough balanced scorecard

Therefore, to ensure a robust annual assessment process the Remuneration Committee has established a thorough balanced scorecard of factors that it reviews in detail before decisions on annual bonus awards are made. This structure has been in place as an evolving process since the Company listed, and is undertaken through the Remuneration Committee meetings held in June, July and September prior to the announcement of results.

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

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

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

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

- The annual appraisals or short-term performance measures for each individual, assessing their overall achievements, impact and contribution through the performance year;
- Group earnings before interest and taxes;
- Absolute and relative investment performance for each investment theme over one, three and five years;
- Movement in assets under management, with detailed reporting on subscriptions and redemptions by investment theme, client type and geography;
- Movement in management fee margins;
- FX, treasury and seed capital management outcomes;
- Cost management;
- Subsidiary, local asset management and joint venture development;
- Employee turnover, retention of key employees, recruitment and succession planning;
- Culture and Conduct Risk indicators;
- Compliance with relevant regulatory and corporate governance requirements;
- Management of the impact of in-year events, e.g. for the 2019/20 year, COVID-19;
- Quality, accuracy and timeliness of financial reporting; and
- Whether any instances have occurred that may warrant the application of malus or clawback to previously granted awards.

The Remuneration Committee considers these inputs and applies its judgement to determine the appropriate remuneration outcomes for the business, Executive Directors and senior managers and each relevant individual for that year. The Remuneration Committee's assessment of the Executive Directors for the most recent performance year can be seen on pages 84 to 91, and the resulting remuneration outcomes can be seen in the summary 'at a glance' information on page 82 and in more detail in the statutory single figure tables on page 99.

Use of discretion aligns remuneration with strategy

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

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

As can be seen in more detail later in the report, the outcome of the Remuneration Committees deliberations in this difficult year was to award no bonus to the CEO. Investment performance and growth in assets under management over the period, which together form a large part of the measurement of the CEOs performance, were not at a satisfactory level, and despite the good work that has been done by the GFD and the CEO in maintaining the smooth running of the business during an operationally challenging period, the Committee determined that it would exercise its discretion to both reduce the overall bonus pool available to 19.5% (FY 2018/19: 22.5%), and not make an award to the CEO this year. The GFD has also has his bonus reduced relative to the prior period, but by a lesser amount, given his focus on areas of the business which continued to perform well during the period.

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

1. An 'at a glance' summary, detailing this year's remuneration outcomes for the CEO and GFD.
2. The Remuneration Committee's assessment of the Executive Directors' performance for the year ending 30 June 2020, including the key metrics behind that assessment.
3. The Directors' Remuneration Policy which, was approved by more than 85% of shareholders at the October 2017 AGM for three years, and will therefore expire this year. The new Directors' Remuneration Policy proposed by the Committee is set out on pages 92 to 98. Shareholders will be asked to approve the new policy at the forthcoming AGM on 16 October 2020. This policy will take effect for Directors from the date it is approved and is expected to apply for three years.
4. The Annual Report on Remuneration, which explains how the current Remuneration Policy has been applied during the year and which will be subject to an advisory vote at the Annual General Meeting on 16 October 2020.

I would like to thank all of Ashmore's employees across our global offices for the dedication and hard work they have put in to maintain effective business operations through this very challenging period on behalf of our clients and other stakeholders.

Together with my colleagues on the Remuneration Committee I would welcome your support for the 2020 Directors' Remuneration Policy and Annual Report on Remuneration.

Dame Anne Pringle DCMG
Chair of the Remuneration Committee

ACTIVITIES OF THE REMUNERATION COMMITTEE

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

– Dame Anne Pringle
– Clive Adamson
– David Bennett
– Jennifer Bingham

The members of the Remuneration Committee have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively, and met five times during the year. The Director's attendance at the Remuneration Committee meetings is set out in the table on page 62.

REGULATORY CONSIDERATIONS FOR THE YEAR ENDING 30 JUNE 2020

For remuneration relating to the year ending 30 June 2020, the Remuneration Committee has again ensured that pay will be delivered to Executive Directors and other employees categorised by the FCA as Identified Staff, consistent with the requirements of the Alternative Investment Fund Managers Directive. This has meant that Executive Directors and other relevant employees will receive a proportion of their cash bonus delivered as a further award of restricted shares which are retained and restricted from sale for a six-month period, rather than as cash. Further details of this can be found in the Annual Report on Remuneration on page 99.

CONSIDERATION OF MALUS AND CLAWBACK FOR THE YEAR ENDING 30 JUNE 2020

A malus and clawback principle applies to variable remuneration awarded to senior staff including Executive Directors, enabling the Remuneration Committee to recoup variable remuneration under certain circumstances. Malus and clawback can be applied to both the cash and share-based elements of variable remuneration, via the reduction or cancellation of any outstanding unvested deferred share awards regardless of the year to which they relate, or via the repayment of amounts to the Company. The Remuneration Committee considered there were no events or circumstances that would have made it appropriate to recoup remuneration during the year ending 30 June 2020.

TERMS OF REFERENCE

The terms of reference for the Remuneration Committee include:

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

ASHMORE'S APPROACH TO REMUNERATION

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

1 DISCRETION AND FLEXIBILITY

Variable remuneration is not formulaic or capped at an individual level and as such the Remuneration Committee has complete discretion to ensure that awards reflect business and individual performance, thus the behavioural risk arising from target based incentive plans is not present.

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

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

2 ALIGNMENT WITH STAKEHOLDERS

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

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

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

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

3 CONSISTENCY ACROSS THE GROUP

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

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

4 PAY FOR LONG-TERM PERFORMANCE

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

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

…with a comprehensive approach to determining variable pay outcomes…

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

Group financial performance;

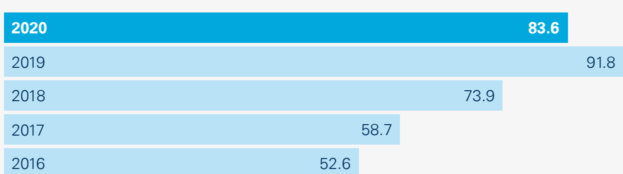
- The overall bonus pool available in the period;
- Input from the Group Heads of Risk and Compliance regarding organisational performance in these areas over the year;
- Progress in relation to the Group's strategic objectives;
- Annual appraisals or short-term performance measures for each individual,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

…underpinned by consistent key performance indicators and strategic priorities…

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

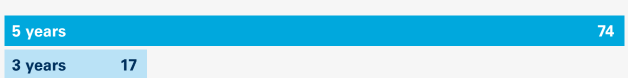
AuM DEVELOPMENT

Compound increase in AuM (US$bn)



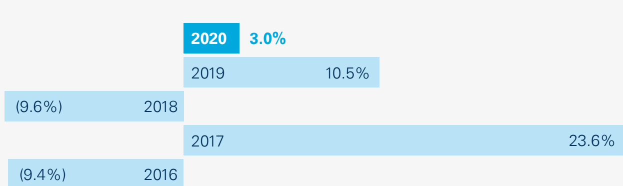
INVESTMENT PERFORMANCE

% of AuM outperforming benchmarks



PROFITABILITY

Diluted EPS performance relative to Emerging Markets Indices



…delivering a strong equity ownership culture

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

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

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

40%

Approximately 40% of outstanding shares are either owned directly or as restricted share awards by employees, who average over seven years of service

REMUNERATION AT A GLANCE

for the year ending 30th June 2020

The Chief Executive's remuneration outcomes

The Chief Executive was not awarded a bonus for the year ending 30 June 2020, reflecting overall business performance during the period and the Remuneration Committee's strict application of its discretion.

The Chief Executive was not awarded a bonus by the Remuneration Committee in 2014, also reflecting business performance at the time, and as such no shares were awarded to the Chief Executive in 2014, vesting during the year ending 30 June 2020.

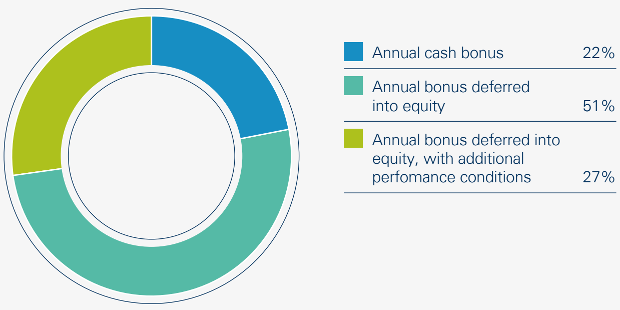
The Group Finance Director's remuneration outcomes

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

The Group Finance Director's annual bonus comprising cash and restricted share awards at grant value decreased from £1,300,000 (FY2018/19) to £1,170,000.

The total sum ultimately to be received by the Group Finance Director will be dependent on achievement relative to the performance conditions, which means that up to £315,000 of this sum may not be paid out when the share awards vest in 2025.

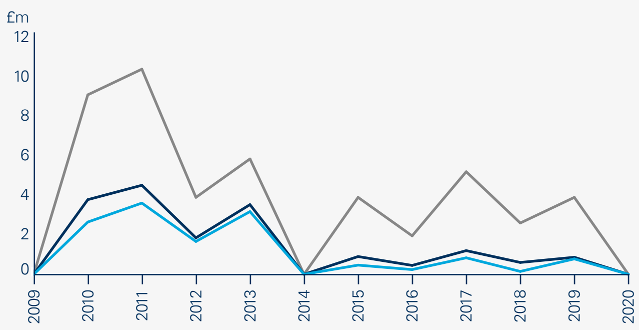
Shares awarded to the Group Finance Director in 2014 reached their vesting date during the year ending 30 June 2020. These awards were in part subject to a relative TSR performance condition and vested in full once this condition had been applied. In addition, the Group Finance Director received £70,638 in dividend equivalents which were rolled up and paid to the extent the underlying awards vested.



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 through variable remuneration.

Chief Executive Officer – variable remuneration outcomes over time

The chart below shows variable remuneration awarded to the CEO each year between 2009 and 2020. As can be seen, the Remuneration Committee exercises its discretion in setting the annual level of award at an appropriate level based on the CEO's performance and the performance of the business each year; and as such, the variation in award level is reflective of the range of annual outcomes. In addition, as a result of the stretching performance conditions measured over the five-year deferral period of restricted awards, the amount eventually received by the CEO when awards vest can vary significantly from the original award amount.[1]



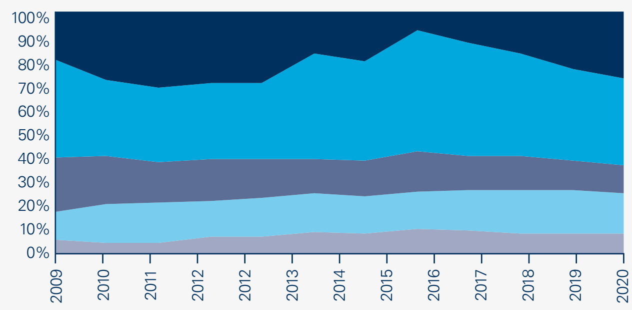
Bonus awarded – includes cash paid in the year and restricted, bonus and matching shares at grant value

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

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

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

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



1. This chart includes data on shares awarded between 2010 and 2014 which vested between 2015 and 2019. No shares were awarded in 2009, 2014 or 2020 to reflect business performance and the Remuneration Committee's application of strict discretion. The chart will be updated in future years to show the vesting outcomes for shares awarded from 2015 onwards.
2. Dividends includes the estimated cost of the proposed final dividend for FY2019/20.

Performance assessment of Executive Directors for the year ending 30 June 2020

Factors the Remuneration Committee considers at a Group level

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

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

Ashmore's business model delivered a 5% growth in adjusted net revenues and 10% growth in adjusted EBITDA, as although over the 12-month period AuM declined by 9%, average AuM was higher. Continued focus on cost management meant that the adjusted EBITDA margin increased to 68%. Diluted EPS increased by 3% to 25.7p. The Group's strong and liquid balance sheet was maintained with capital resources of £702.5 million and excess regulatory capital of £555.2 million.

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

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

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

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

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

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

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

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

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

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

Ashmore has been very successful in maintaining its operational effectiveness through this period of changing working patterns and market volatility, but while the operational and financial performance is solid, certain other short-term outcomes for stakeholders have fallen below expectations. In order that there is alignment between the experience of Ashmore's clients, shareholders and employees, the Remuneration Committee has exercised its discretion to reduce the available bonus pool relative to the prior period, setting it at 19.5% (FY 2018/19: 22.5%), and substantially below the potential maximum of 25%.

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

In considering the sums required for these groups, the Remuneration Committee has also discussed remuneration outcomes for all other employees with the management team and has satisfied itself that there remains sufficient funding to retain and reward employees appropriately within the agreed 19.5% bonus pool.

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

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

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

There have been no matters of concern during the period that would warrant the Remuneration Committee considering reducing the potential bonus pool available for staff awards for the year ending 30 June 2020.

Progress in relation to the Company's strategic objectives

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

Phase 1: Establish Emerging Markets asset class

Ashmore's clients continue to raise allocations to Emerging Markets. Approximately 80% of institutional net flows were from existing clients increasing allocations within existing mandates or broadening their Emerging Markets investments, however investor risk appetite was impacted by the COVID-19 crisis in H2.

Phase 2: Diversify investment themes and developed world capital sources

1. Ashmore's equities business performed well this year, delivering net flows in every quarter and totalling US$1.2 billion over the year
2. Launched and seeded Equity ESG fund
3. Client demand was broad-based across Ashmore's investment themes

Phase 3: Mobilise Emerging Markets capital

1. Ashmore Indonesia undertook an IPO and listed on the Jakarta Stock Exchange in January 2020
2. Local asset management platforms manage US$5 billion, 6% of the Group's total AuM
3. More than a quarter (26%) of Group AuM is sourced from clients in the Emerging Markets

Overall progress towards these three strategic goals has been slower that expected during this period in relation to fund performance, especially in regard to certain Fixed Income products, and in regard to AuM development, with flat net flows and an overall reduction in AuM over the period, which has meant that progress has been slower than expected in these areas.

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

Group earnings before interest and taxes (EBIT)

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

2018/19: £202.8m

2019/20: £209.7m

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

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

Absolute performance by theme

% AuM outperformance within each theme as at 30 June 2020

By AuM	1 year
External debt	13%
Local currency	1%
Corporate debt	39%
Blended debt	0%
Equities	14%
Multi-asset	0%
Overall	**9%**

By AuM	3 year
External debt	31%
Local currency	1%
Corporate debt	46%
Blended debt	6%
Equities	34%
Multi-asset	0%
Overall	**17%**

By AuM	5 year
External debt	45%
Local currency	99%
Corporate debt	43%
Blended debt	87%
Equities	43%
Multi-asset	100%
Overall	**74%**

The majority of the Group's AuM is demonstrating short-term underperformance relative to benchmarks with 9% of AuM outperforming over one year and 17% over three years. 74% of assets are outperforming benchmarks over five years.

Relative performance by theme (quartiles)

	1 year	3 year	5 year
External debt	Q4	Q4	Q3
Local currency	Q4	Q3	Q2
Corporate debt	Q4	Q3	Q2
Blended debt	Q4	Q4	Q4
Frontier Markets equity	Q3	Q1	Q1
All Cap Emerging Markets equity	Q1	Q1	Q1
Active equity	Q3	Q2	Q1
Multi-asset	There is no relevant Multi-asset peer group		

Investment performance relative to peers is weak in all fixed income themes over one and three years. Local Currency and Corporate Debt performance is more positive over 5 years. All Cap equity performance is very positive over 1, 3 and 5 years, but 1 year relative performance in frontier and active equity is below expectations.

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

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

Opening AuM at 30 June 2019 was US$91.8bn

Year end AuM was US$83.6bn

	AuM 30 June 2019 US$bn	Performance US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	Reclassification/ other US$bn	**AuM 30 June 2020 US$bn**
External debt	19.1	(1.1)	2.3	(3.2)	(0.9)	–	**17.1**
Local currency	19.7	(1.7)	5.8	(5.1)	0.7	–	**19.7**
Corporate debt	15.5	(1.9)	6.7	(9.2)	(2.5)	(0.5)	**10.6**
Blended debt	24.3	(2.2)	4.5	(3.8)	0.7	0.5	**23.3**
Equities	4.4	(1.0)	2.2	(1.0)	1.2	–	**4.6**
Multi-asset	0.5	(0.1)	–	(0.1)	(0.1)	–	**0.3**
Alternatives	1.6	(0.2)	0.1	(0.1)	–	–	**1.4**
Cash Management	6.7	0.1	2.7	(1.9)	0.8	–	**7.6**
Total	**91.8**	**(8.1)**	**24.3**	**(24.4)**	**(0.1)**	–	**83.6**

The first half of the period was one of strong asset growth to US$98.4bn at December 2019, since which time the combination of poor fund performance in certain Fixed Income investment themes and redemptions has reduced the year end AuM to US$8.2bn below the opening point.

Movement in management fee margins

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

2018/19: 48bps

2019/20: 45bps

The three basis points decline in the net management fee margin compared with the prior year is the result of net flows into existing and new large mandates (1.5 basis points), investment theme mix (1basis point) and mutual fund net redemptions in the corporate debt and local currency themes (0.5 basis point). Factors such as competition and other product mix effects broadly offset each other.

FX, treasury and seed capital management outcomes

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

During the financial year, the Group made new seed investments of £51.4 million and successfully redeemed £84.0 million of previous investments. The consequent net redemption of £32.6 million together with unrealised mark-to-market losses of £6.8m mean the market value of the Group's seed capital investments reduced from £277.8 million to £238.4 million. Ashmore has also committed £20.0 million of seed capital to funds in the alternatives theme that were undrawn at the period end, giving a total committed value for the seed capital programme of £258.4 million. The seed capital investments generated a total loss of £7.6 million in the period (FY2018/19: £10.7 million gain) including a realised gain of £4.0 million. This comprises a £9.0 million mark-to-market loss in respect of consolidated funds, including £4.8 million of finance income, and a £1.4 million gain in respect of unconsolidated funds that is reported in finance income.

Revenues include a £7.0 million foreign exchange gain, delivered through active management of the Group's sterling and foreign currency balances.

Cost management

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

Total operating costs of £110.0 million include £2.2 million of expenses incurred by seeded funds that are required to be consolidated, as disclosed in Note 20. On an adjusted basis, excluding the impact of seed capital and the variable compensation accrual on foreign exchange translation gains, operating costs were reduced by 4% to £106.7 million (FY2018/19: £111.1 million). At constant exchange rates, adjusted operating costs declined by 5% compared with the prior year period. Adjusted operating costs before variable compensation were 5% lower at £52.1 million (FY2018/19: £54.8 million), with an increase in fixed staff costs more than offset by a 10% reduction in other operating costs and a lower depreciation and amortisation expense.

Subsidiary, local asset management and joint venture development

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

The portfolio of local market businesses is now delivering good growth and all platforms are profitable. Aggregate AuM of subsidiaries is US$5 billion, 6% of the Group's total AuM. Ashmore Indonesia undertook an IPO and listed on the Jakarta Stock Exchange in January 2020. Ashmore Saudi Arabia has developed particularly well during this period, with AuM managed locally increasing by 43%. The AshmoreAVENIDA Real Estate business has not grown as quickly as had been anticipated.

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

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

The Group's permanent headcount was stable over the year at 306 employees of which 291 are involved in investment-management related activities (30 June 2019: 307 and 288, respectively), demonstrating strong cost control.

Employee turnover remained low, with unplanned turnover for the Group excluding the subsidiaries at 6.0% (FY2018/19: 5.5%) and at 8.6% including the subsidiaries (FY2018/19: 9.9%), the increase including subsidiaries reflects the different nature of the employment environments the subsidiaries operate in.

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

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

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

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

Culture and Conduct Risk indicators

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

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

Compliance with relevant regulatory and corporate governance requirements

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

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

Management of the impact of in-year events

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

The Remuneration Committee members are confident, through their interactions with members of the management team and through the regular reporting received, that the business has reacted appropriately to events arising through the year. During the period the most material event was the COVID-19 global pandemic, which has been covered in more detail on pages 10 and 11 of the annual report.

The Chief Executive and Group Finance Director have managed and overseen the establishment of effective working from home, and in some locations have managed the partial return to office based working. This has been a significant set of actions, which had the potential to cause severe business disruption. However, to date the process has worked well and business operations have continued with no disruption, and with all investment, distribution, support and governance activities continuing unchanged. The Remuneration Committee is satisfied that the management team responded in an appropriate and timely manner, and delivered an effective outcome for the Group.

Quality, accuracy and timeliness of financial reporting

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

The financial reporting delivered to the Board and its Committees and to senior management has continued to be appropriate and accurate.

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

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

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

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

Chief Executive Officer

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

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

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

Although Ashmore has been very successful in maintaining its operational effectiveness through this challenging period of time, certain other short-term outcomes for stakeholders have fallen below expectations. In order that there is alignment between the experience of Ashmore's clients, shareholders and employees, the Remuneration Committee has exercised its discretion to both reduce the overall bonus pool available and to reduce the CEO's award to zero.

The Committee discussed at some length whether the CEO's positive management of the business, ongoing leadership and consistent maintenance of Ashmore's culture through a period of all staff working remotely warranted a reduced bonus, rather than no bonus, but ultimately determined that the flexibility of Ashmore's remuneration policy allowed their discretion to be applied to its fullest extent, as it would also determine to do in a year where there is markedly positive performance to reward.

Group Finance Director

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

In the Remuneration Committee's assessment, the GFD has been very effective in his role during the period, managing well across a broad scope of activities both during the first half of the year, and also during the more challenging second half of the year, during which in addition to those areas noted above he has taken a leading role in managing Ashmore's response to COVID-19.

Management of cash resources, FX and tax efficiency have been beneficial for the Group during the period, in combination with a thorough review of operating costs as part of the response to COVID-19.

The departments he is responsible for have continued to be run effectively, he and his team played an important role in the IPO of Ashmore's Indonesian business and the other subsidiary businesses have continued to operate profitably.

The Remuneration Committee has considered these inputs and has determined that the Group Finance Director will be awarded an annual bonus of £900,000 for his performance during the year ending 30 June 2020.

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 2018 and shareholders' executive remuneration guidelines. The current Policy was approved by a binding shareholder vote in October 2017, and can be found on pages 56 to 60 of the 2018 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 92 to 98. Shareholders will be asked to approve the new policy at the forthcomg AGM. 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 Senior Managers 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 Chair 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, the Human Resources department or to the Board directly through our regular process of teams meeting the board, or individually to the Company's nominated non-executive director for workforce engagement.

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.

Figure 1

Remuneration Policy (the Policy) for Executive Directors
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 16 October 2020.

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 for Directors is aligned with the general workforce, and is reviewed periodically; the Policy permits the Company-wide contribution rate to be amended if necessary to reflect trends in market practice and changes to pensions legislation.

VARIABLE COMPENSATION (DISCRETIONARY)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

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

OPERATION, PERFORMANCE MEASURES AND PERIODS, DEFERRAL AND CLAWBACK

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

1. Cash bonus (60% of total award)

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

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

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

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

- 33% investment outperformance; relative to the relevant benchmarks over three and five years.
- 33% growth in AuM; a compound increase in AuM over the five-year performance period.
- 33% profitability; Ashmore's diluted earnings per share (EPS) performance relative to a comparator index over the five-year performance period.

These performance conditions have been chosen to closely align the remuneration outcomes for the Directors with the performance of the business relative to its KPIs. Targets are set that are appropriately challenging relative to relevant internal and external benchmarks. The maximum level of vesting for achieving threshold performance relative to these performance conditions is 25%. Where required by regulation, the amount of variable pay which is deferred will be increased to ensure compliance with regulatory deferral levels for all variable pay.

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. Awards will be delivered in the appropriate combination of cash and shares, in line with prevailing regulatory requirements. The combination of cash and instruments will be determined each year by the Committee.

The Remuneration Committee also retains discretion, if required by regulation, to include a minimum retention period for incentive awards in addition to or as partial replacement for a deferral period (usually with a combined deferral / retention period of at least five years).

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 during times of market stress, and thereby aligns the interests of clients, shareholders and employees including Directors through such cycles.

MALUS AND CLAWBACK

In addition to the performance condition described above, the Remuneration Committee has the discretion to apply malus and clawback provisions to all elements of variable remuneration, including to unvested equity awards made in prior periods. The Remuneration Committee may choose to exercise this discretion for a number of reasons, for example:

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

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

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

PERSONAL SHAREHOLDING

Existing Executive Directors are usually required to build up and then maintain a shareholding equivalent to 200% of salary over the three-year period from October 2017, and from the first five-year vesting date for newly appointed Executive Directors. The minimum number of shares to be held is based on the closing price of Ashmore Group plc shares on 30 June 2020, which was £4.172.

POST-EMPLOYMENT SHAREHOLDING

Executive Directors are usually required to maintain a shareholding of 200% of salary for two years post termination of their employment. The minimum number of shares to be held is based on the market price of Ashmore Group plc shares on the year end date of 30 June prior to their termination date The Committee retains discretion to waive this guideline if it is not considered appropriate in the specific circumstances.

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 reserves the right to make any other payments in connection with a director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of a director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the director's legal and/or professional advice fees in connection with cessation of office or employment and/or retirement gifts.

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.

The Committee may make minor amendments to this policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

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.

Non-executive Directors

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 Codes

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.

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. The variable pay awards are shown assuming full vesting five years later of the long-term incentive components based on achievement relative to the performance conditions, both at the grant price and also with 50% share price growth.

Figure 2

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

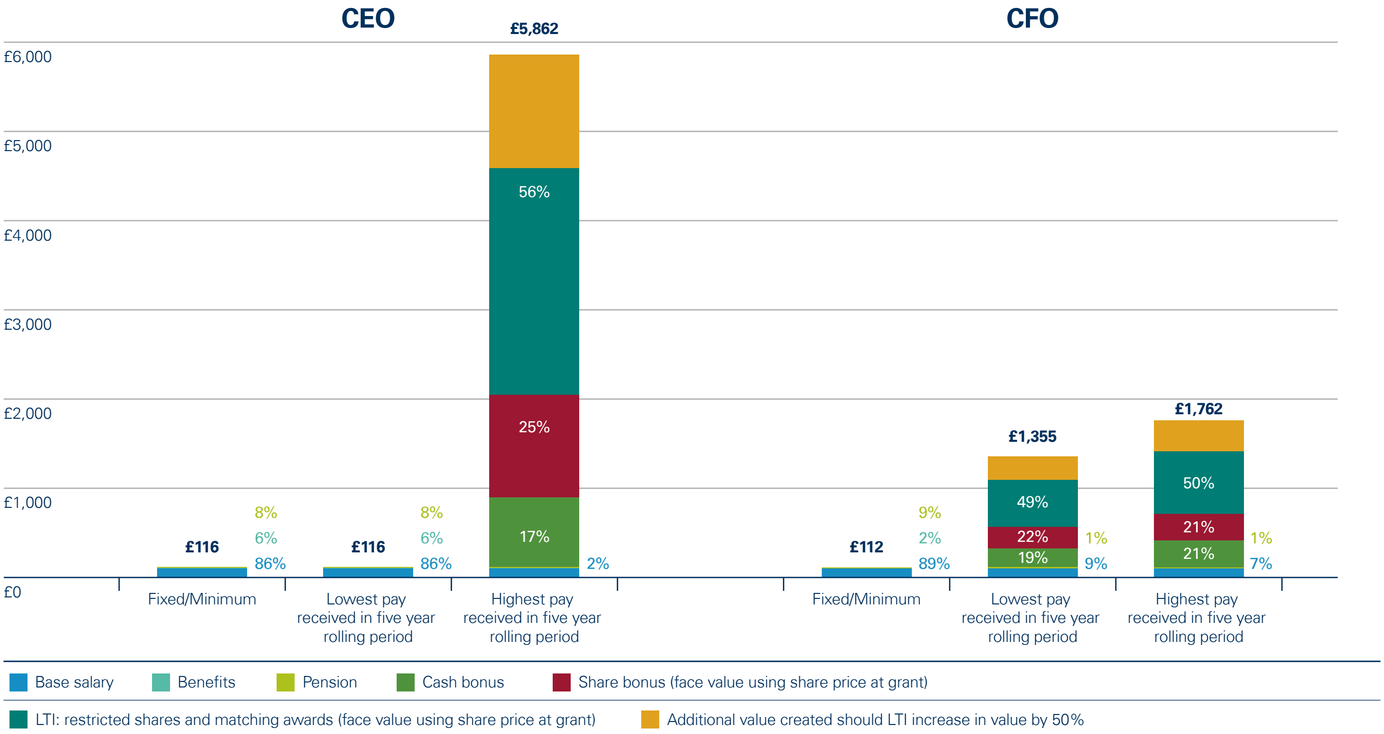


Figure 3

– 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 Board Chairman may also be paid expenses in relation to the performance of his role	– 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 Non-executive Directors may also be paid expenses in relation to the performance of their roles	– 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 2020 – audited information

The table below sets out the remuneration received by the Directors in the year ending 30 June 2020.

		Executive Directors					
		Mark Coombs 1, 5, 9, 10, 11, 13	Tom Shippey 1, 7, 8, 10, 13	Clive Adamson	David Bennett 2	Jennifer Bingham	Dame Anne Pringle DCMG
Salary and fees	**2020**	**100,000**	**100,000**	**85,000**	**150,000**	**60,000**	**75,000**
	2019	100,000	100,000	82,013	130,583	60,000	70,519
Taxable benefits	**2020**	**7,203**	**2,258**	**–**	**1,597**	**–**	**–**
	2019	7,627	2,395	–	2,631	–	–
Pensions	**2020**	**9,000**	**10,000**	**–**	**–**	**–**	**–**
	2019	9,000	10,000	–	–	–	–
Cash bonus	**2020**	**–**	**259,200**	**–**	**–**	**–**	**–**
	2019	781,200	288,000	–	–	–	–
Voluntarily deferred share bonus[6]	**2020**	**–**	**270,000**	**–**	**–**	**–**	**–**
	2019	817,200	300,000	–	–	–	–
Mandatorily deferred share bonus[7]	**2020**	**–**	**325,800**	**–**	**–**	**–**	**–**
	2019	892,800	362,000	–	–	–	–
Total bonus	**2020**	**–**	**855,000**	**–**	**–**	**–**	**–**
	2019	2,491,200	950,000	–	–	–	–
Long-term incentives vesting[3, 4]	**2020**	**–**	**369,311**	**–**	**–**	**–**	**–**
	2019	997,173	–	–	–	–	–
Total for year ending 30 June 2020[12]	**2020**	**116,203**	**1,336,569**	**85,000**	**151,597**	**60,000**	**75,000**
Total for year ending 30 June 2019	2019	3,605,000	1,062,395	82,013	133,214	60,000	70,519
Total Fixed Remuneration	**2020**	**116,203**	**112,258**	**85,000**	**151,597**	**60,000**	**75,000**
	2019	116,627	112,395	82,013	133,214	60,000	70,519
Total Variable Remuneration	**2020**	–	**1,224,311**	**–**	**–**	**–**	**–**
	2019	3,488,373	950,000	–	–	–	–

1. Benefits for both Executive Directors include membership of the Company medical scheme, and for Mark Coombs includes the Company's contribution towards transportation costs in relation to his role.
2. Benefits for David Bennett relate to transportation costs and the associated income tax and national insurance costs in relation to his role.
3. Long-term incentives vesting relates to share awards with performance conditions where the performance period has ended in the relevant financial year plus the value of any dividend equivalents.
4. The figure of £997,173 shown as the value of Mark Coombs' 2019 Long Term Incentives Vesting reflects £44,706 of share price depreciation over the period between grant and vest. The figure of £369,311 shown as the value of Tom Shippey's 2020 Long Term Incentives Vesting includes £114,920 of share price appreciation over the period between grant and vest.
5. In respect of the year ending 30 June 2019, Mark Coombs chose to waive 10% of any element of his potential non-AIF related variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself in the form of phantom share awards; the numbers in the table above exclude any waived variable remuneration. Had he not waived these amounts, Mark Coombs' total bonus in respect of the year ending 30 June 2019 prior to any voluntary deferral of cash in favour of an equivalent amount of bonus share or phantom bonus share awards would have been £2,400,000.
6. Mark Coombs and Tom Shippey may voluntarily defer up to 50% of their cash bonus in favour of an equivalent amount of bonus share or phantom bonus share awards and an equivalent value in matching share or phantom matching share awards. All share or phantom share awards will be reported in the Directors' share and phantom share award tables in the year of grant. Both Mark Coombs and Tom Shippey chose to commute 50% of their cash bonus in 2019 for an equivalent value in bonus share awards. Tom Shippey chose to commute 50% of his cash bonus in 2020 for an equivalent value in bonus share awards. Bonus shares are deferred for five years with no service condition attached.
7. 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.
8. In order to comply with the Alternative Investment Fund Managers Directive Tom Shippey received a proportion of his bonus which would have otherwise been delivered in cash, as an additional award of restricted shares which will vest after a retention period. In 2020, the value of this award for Mark Coombs was £0 (FY2018/19: £36,000), and for Tom Shippey was £10,800 (FY2018/19: £12,000).
9. 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.
10. Dividends or dividend equivalents were paid relating to voluntarily and mandatorily deferred share or phantom share awards in the period.
11. Mark Coombs receives cash in lieu of a pension contribution. Tom Shippey's pension contribution includes an employee contribution via salary sacrifice; in 2020 this was £500 (2019: £500).
12. Total short-term benefits for key management personnel, including salary and fees, taxable benefits and cash bonuses, as reported in note 28 of the financial statements is £840,257 in 2020.
13. The committee exercised its discretion to not make an award to the CEO this year and to determine the CFO's variable remuneration based on various factors. The discretion has not been exercised as a result of share price appreciation or depreciation for annual incentives and LTIPs.

For additional information, Figure 5 shows the history of financial results for the last five years.

Figure 5
Five-year summary of financial results

	2020	2019	2018	2017	2016
AuM US$ billion (at period end)	**83.6**	91.8	73.9	58.7	52.6
Operating profit £ million	**209.7**	202.8	176.5	166.8	137.9

Figure 6
Long-term incentive awards made during the year ended 30 June 2020 – audited information

Name	Type of award	No. of shares	Date of award	Share award price[3] (£)	Face value (£)	Face value (% of salary)	Performance period end date
Mark Coombs[1, 2]	Restricted shares	248,580	13 September 2019	£4.3833	£1,089,601	1090%	12 September 2024
Mark Coombs[1, 2]	Matching shares	186,435	13 September 2019	£4.3833	£817,201	817%	12 September 2024
Tom Shippey[2]	Restricted shares	91.256	13 September 2019	£4.3833	£400,002	400%	12 September 2024
Tom Shippey[2]	Matching shares	68,442	13 September 2019	£4.3833	£300,002	300%	12 September 2024

1. In respect of the year ended 30 June 2019, Mark Coombs chose to waive 10% of any element of his potential non AIF related variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself; the numbers in Figure 6 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 9.
3. Based on the five day average share price prior to the grant date.

Long-term incentive awards made during the year ended 30 June 2020 – performance conditions

Figure 6 provides details of the long-term incentive awards that were made during the year. These represent the restricted and matching share awards, 50% of which are subject to additional performance conditions, and will vest on the fifth anniversary of the award date, to the extent that the performance conditions are met. The remaining 50% are subject to continued employment.

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

- 33.3% investment outperformance, relative to the relevant benchmarks over three and five years.
- 33.3% growth in assets under management, demonstrated through a compound increase in AuM over the five-year performance period.
- 33.3% profitability, demonstrated through Ashmore's diluted earnings per share (EPS) performance relative to a comparator index over the five-year performance period.

The performance conditions' vesting scale and TSR peer group are shown in Figures 7 and 8 respectively.

Figure 7

Performance conditions' vesting scale

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

Chief Executive's 2014 long-term incentive awards

In 2014 Mark Coombs did not receive an annual bonus or long-term incentive award, reflecting the performance of the business at that time.

Performance and vesting outcome for the Group Financial Director's 2014 long-term incentive awards which vested during the year ended 30 June 2020

During the period, shares awarded to Tom Shippey in 2014 reached their vesting date. On the vesting date, all bonus shares vested, and the TSR performance condition was applied to the vesting of restricted and matching shares, based on calculations and advice provided by Aon. The Company's TSR was 83.4%, which ranked Ashmore at 1.94 relative to the TSR peer group of 15 companies; the upper quartile rank which would have resulted in 100% vesting was 4.25 or a TSR of 61.2%. Therefore 100% of the restricted and matching share awards vested.

Figure 8
TSR peer group

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

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

Figure 9

Outstanding share awards

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

Executive	Type of Omnibus award	Date of award	Share award price	Number of shares at 30 June 2019	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2020	Performance period	Vesting/release date
Mark Coombs	RS	22 September 2015	£2.4278	494,271	–	–	–	494,271	5 years	21 September 2020
	RBS	22 September 2015	£2.4278	370,703	–	–	–	370,703	5 years	21 September 2020
	RMS	22 September 2015	£2.4278	370,703	–	–	–	370,703	5 years	21 September 2020
	RS[2]	16 September 2016	£3.3955	–	–	–	–	–	6 months	15 March 2017
	RS[1]	16 September 2016	£3.3955	161,330	–	–	–	161,330	5 years	15 September 2021
	RBS[1]	16 September 2016	£3.3955	120,999	–	–	–	120,999	5 years	15 September 2021
	RMS[1]	16 September 2016	£3.3955	121,000	–	–	–	121,000	5 years	15 September 2021
	RS[2]	14 September 2017	£3.2353	–	–	–	–	–	6 months	13 March 2018
	RS[1]	14 September 2017	£3.2353	449,542	–	–	–	449,542	5 years	13 September 2022
	RBS[1]	14 September 2017	£3.2353	337,156	–	–	–	337,156	5 years	13 September 2022
	RMS[1]	14 September 2017	£3.2353	337,156	–	–	–	337,156	5 years	13 September 2022
	RS[2]	14 September 2018	£3.3269	–	–	–	–	–	6 months	13 March 2019
	RS[1]	14 September 2018	£3.3269	218,342	–	–	–	218,342	5 years	13 September 2023
	RBS[1]	14 September 2018	£3.3269	163,757	–	–	–	163,757	5 years	13 September 2023
	RMS[1]	14 September 2018	£3.3269	163,757	–	–	–	163,757	5 years	13 September 2023
	RS[2]	13 September 2019	£4.3833	–	8,213	8,213	–	–	6 months	12 March 2020
	RS[1]	13 September 2019	£4.3833	–	248,580	–	–	248,580	5 years	12 September 2024
	RBS[1]	13 September 2019	£4.3833	–	186,435	–	–	186,435	5 years	12 September 2024
	RMS[1]	13 September 2019	£4.3833	–	186,435	–	–	186,435	5 years	12 September 2024
Total				**3,308,716**	**629,663**	**8,213**	**515,907**	**3,930,166**		

1. In respect of the years ending 30 June 2016, 30 June 2017, 30 June 2018 and 30 June 2019 Mark Coombs chose to waive 10% of his potential non-AIF related variable remuneration award in return for the Remuneration Committee considering and approving a contribution to a charity or charities nominated by himself. The 'Number of shares at 30 June 2019', 'Granted during year' and 'Number of shares at 30 June 2020' figures are shown excluding the amounts waived. On the vesting/release date, any shares waived to charity will vest to them to the extent that any relevant performance conditions have been satisfied.

KEY

RS – Restricted shares

RBS – Restricted bonus shares

RMS – Restricted matching shares

Figure 9 continued

Outstanding share awards

Executive	Type of Omnibus award	Date of award	Share award price	Number of shares at 30 June 2019	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2020	Performance period	Vesting/release date
Tom Shippey	RS	30 September 2014	£3.0900	58,253	–	58,253	–	–	5 years	29 September 2019
	RBS	30 September 2014	£3.0900	43,690	–	43,690	–	–	5 years	29 September 2019
	RMS	30 September 2014	£3.0900	43,690	–	43,690	–	–	5 years	29 September 2019
	RS	22 September 2015	£2.4278	164,757	–	–	–	164,757	5 years	21 September 2020
	RBS	22 September 2015	£2.4278	123,568	–	–	–	123,568	5 years	21 September 2020
	RMS	22 September 2015	£2.4278	123,568	–	–	–	123,568	5 years	21 September 2020
	RS[2]	16 September 2016	£3.3955	–	–	–	–	–	6 months	15 March 2017
	RS	16 September 2016	£3.3955	88,353	–	–	–	88,353	5 years	15 September 2021
	RBS	16 September 2016	£3.3955	66,265	–	–	–	66,265	5 years	15 September 2021
	RMS	16 September 2016	£3.3955	66,265	–	–	–	66,265	5 years	15 September 2021
	RS[2]	14 September 2017	£3.2353	–	–	–	–	–	6 months	13 March 2018
	RS	14 September 2017	£3.2353	117,455	–	–	–	117,455	5 years	13 September 2022
	RBS	14 September 2017	£3.2353	88,091	–	–	–	88,091	5 years	13 September 2022
	RMS	14 September 2017	£3.2353	88,091	–	–	–	88,091	5 years	13 September 2022
	RS[2]	14 September 2018	£3.3269	–	–	–	–	–	6 months	13 March 2019
	RS	14 September 2018	£3.3269	105,204	–	–	–	105,204	5 years	13 September 2023
	RBS	14 September 2018	£3.3269	22,544	–	–	–	22,544	5 years	13 September 2023
	RMS	14 September 2018	£3.3269	22,544	–	–	–	22,544	5 years	13 September 2023
	RS[2]	13 September 2019	£4.3833	–	2,738	2,738	–	–	6 months	12 March 2020
	RS	13 September 2019	£4.3833	–	91,256	–	–	91,256	5 years	12 September 2024
	RBS	13 September 2019	£4.3833	–	68,442	–	–	68,442	5 years	12 September 2024
	RMS	13 September 2019	£4.3833	–	68,442	–	–	68,442	5 years	12 September 2024
Total				**1,222,338**	**230,878**	**148,371**	**–**	**1,304,845**		

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 2019 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

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. It is expected that all of the awards made to date will be satisfied by the acquisition of shares in the market, thus none of the Company's obligations under its employee share plans have been met by newly issued shares. As at 30 June 2020, the Company had 6.21% of the Company's issued share capital outstanding under employee share plans to its staff.

Defined benefit pension entitlements

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

Directors' shareholding and share interests

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

The closing price of Ashmore Group plc shares on 30 June 2020 was £4.172 which means that on 20th October 2020 both Mark Coombs and Tom Shippey must hold at least 47,939 unrestricted shares to meet the shareholding requirement.

Figure 10

Share interests of Directors and connected persons at 30 June 2020 – audited information

	Beneficially owned	Outstanding restricted and matching share awards[1]	Outstanding voluntarily deferred bonus share awards[2]	Total interest in shares[3]
Executive Directors				
Mark Coombs	243,447,473	2,751,116	1,179,050	247,377,639
Tom Shippey	1,451	935,935	368,910	1,306,296
Non-executive Directors				
Clive Adamson	2,051	–	–	2.051
David Bennett	11,619	–	–	11,619
Jennifer Bingham	0	–	–	0
Dame Anne Pringle DCMG	4,288	–	–	4,288

1. Half of the restricted shares and matching shares awarded in 2015, 2016, 2017, 2018 and 2019 are subject to performance conditions.
2. Voluntarily deferred bonus shares 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 10 September 2020 The Directors are permitted to hold their shares as collateral for loans with the express permission of the Board.

Strategic report

Governance

Financial statements

Figure 11

Percentage change in the remuneration of the Executive Directors and the fees of Non-executive Directors relative to the remuneration of a relevant comparator employee

	2019 to 2020 % change	2018 to 2019 % change	2017 to 2018 % change	2016 to 2017 % change	2015 to 2016 % change
Mark Coombs base salary	0%	0%	0%	0%	0%
Tom Shippey base salary	0%	0%	0%	0%	0%
Clive Adamson fees[2]	4%	22%	13%	29%	
David Bennett fees[3, 10]	15%	63%	7%	7%	76%
Hon Michael Benson fees[4]					(67%)
Jennifer Bingham fees[5]	0%				
Simon Fraser fees[6]			(50%)	10%	29%
Peter Gibbs fees[7]		(69%)	0%	38%	990%
Nick Land fees[8]				(75%)	(27%)
Dame Anne Pringle DCMG fees[9]	6%	18%	0%	0%	0%
Relevant Comparator employees base salary	1%	3%	0%	0%	26%
Mark Coombs taxable benefits	(6%)	(8%)	(1%)	0%	0%
Tom Shippey taxable benefits	(6%)	(4%)	8%	10%	1%
David Bennett taxable benefits[2]	(39%)	103%	46%	(46%)	(2%)
Relevant Comparator employees taxable benefits	0%	(5%)	(9%)	10%	1%
Mark Coombs annual bonus	(100%)	50%	(50%)	167%	(50%)
Tom Shippey annual bonus	(10%)	14%	(8%)	27%	(25%)
Relevant Comparator employees annual bonus	(12%)	10%	5%	22%	(13%)

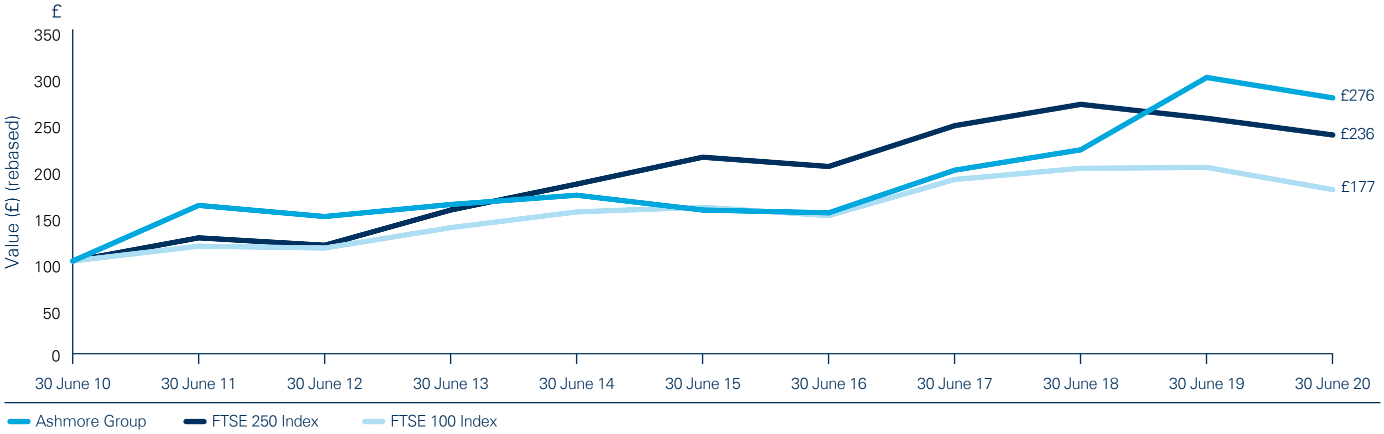
1. Non-executive directors do not receive a bonus.
2. Clive Adamson joined the board on 22/10/15 and chaired the Remuneration Committee from 31/12/17 until 19/10/18, he became the Senior Independent Director and Audit and Risk Committee chair on 19/10/18.
3. David Bennett joined the board on 30/10/14 and chaired the Audit and Risk Committee from 22/10/15 until 19/10/18, he acted as Senior Indpendent Director from 31/12/17 until 19/10/18 and was appointed as Chairman on 19/10/18
4. Hon. Michael Benson left the board on 22/10/16, the percentage decrease in fees shown in the 2015 to 2016 % change column is as a result of Michael only working for part of the year.
5. Jennifer Bingham joined the board on 29/06/16 and so was in post for only one day of the 2018 year.
6. Simon Fraser left the board on 31/12/17, and chaired the Remuneration Committee from 30/10/13 until 31/12/17, he acted as Senior Independent Director from 22/10/15 until 31/12/17. The percentage decrease in fees shown in the 2017 to 2018 % change column is as a result of Simon only working for part of the year.
7. Peter Gibbs joined the board on 29/04/15 and left the board on 19/10/18, the percentage increase shown in the 2015 to 2016 % change column is as a result of Peter having been in post for only part of the 2015 year and for the full year in 2016. The percentage decrease in fees shown in the 2018 to 2019 % change column is as a result of Peter only working for part of the year.
8. Nick Land left the board on 21/10/16, he ceased to act as Senior Independent Director effective from 22/10/15.
9. Dame Anne Pringle began to chair the Remuneration Committee on 19/10/18
10. David Bennett's taxable benefits relate to transportation costs and the associated income tax and national insurance costs in relation to his role.

Figure 11 compares the percentage change from 2015 to 2020 in remuneration elements for the Chief Executive, the Group Finance Director and the Non-executive Directors 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.

Performance chart

Figure 12 shows the Company's TSR performance (with dividends reinvested) against the performance of the FTSE 250 and FTSE 100 for the period since 30 June 2010. These indicies have been chosen as they represent companies of a broadly similar market capitalisation to Ashmore. 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 2010 was worth £276 ten years later, compared with £177 for the same investment in the FTSE 100 index, and £236 for the same investment in the FTSE 250 index.

Figure 12
Total shareholder return – value of hypothetical £100 holding



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

Figure 13 shows the total remuneration figure for the Chief Executive Officer during each of the financial years shown in the TSR chart. The total remuneration figure includes the annual bonus and share awards, which vested based on performance in those years. As there is no cap on the maximum individual bonus award, a percentage of maximum annual bonus is not shown.

Figure 13
Chief Executive

Year ended 30 June	Salary	Benefits	Pension	Annual bonus	Performance-related restricted and matching phantom shares vested[1]	Percentage of restricted and matching phantom shares vested	Total
2020	£100,000	£7,203	£9,000	–	–	–	£116,203
2019	£100,000	£7,627	£9,000	£2,491,200	£997,173	30.23%	£3,605,000
2018	£100,000	£8,293	£9,000	£1,261,277	–	–	£1,378,570
2017	£100,000	£8,404	£9,000	£3,071,748	£95,574	–	£3,284,726
2016	£100,000	£8,400	£9,000	£1,083,458	£284,932	–	£1,485,790
2015	£100,000	£8,388	£8,000	£2,415,000	£462,159	–	£2,993,547
2014	£100,000	£8,934	£7,000	–	£452,386	–	£568,320
2013	£100,000	£9,330	£7,000	£2,430,000	£421,668	–	£2,967,998
2012	£100,000	£9,322	£7,000	£1,620,000	£323,677	–	£2,059,999
2011	£100,000	£8,967	£7,000	£3,840,000	£145,962	–	£4,101,929

1. Performance-related restricted and matching or phantom share equivalent awards vested during the year ending 30 June 2019 plus the value of any dividend equivalents. The sums shown in earlier years relate to dividends or dividend equivalents paid on share or phantom share awards.

Figure 14
Relative importance of spend on pay

Metric	**2020**	2019	2019 to 2020 % change
Remuneration paid to or receivable by all employees of the Group (i.e. accounting cost)	**£81.3m**	£82.4m	(1%)
Average headcount	**301**	298	1%
Distributions to shareholders (dividends and/or share buybacks)	**£120.0m**	£118.3m	1%

Statement on implementation of the Remuneration Policy in the year commencing 1 July 2020

The proposed Directors' Remuneration Policy is subject to a binding shareholder vote at the forthcoming AGM. If approved, the Policy will apply to the performance years ending 30 June 2021, 2022 and 2023.

Under the new proposed policy the Remuneration Committee intends to continue to apply broadly the same metrics and weightings to annual variable remuneration in the year ending 30 June 2021 as have been applied in the current period. The committee also intends to apply the same three performance conditions to any long term incentives awards made, these being in relation to investment outperformance, growth in assets under management and profitability.

Compliance with the 2018 UK Corporate Governance Code and Secondary Legislation

The Company is required to report against the 2018 UK Corporate Governance Code (the Code) and secondary legislation for the first time in respect of the financial year ending 30 June 2020.

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

Ashmore has had in place a mechanism for workforce engagement with the Board since 2016 and intends to continue with the existing programme of employees meeting with the board in person after each full board meeting, but in addition, has appointed one of its Non-Executive Directors as its Workforce Engagement Director, which is one of the three methods for workforce engagement prescribed by the Code. Whilst the original arrangements continue to operate effectively, appointment of a Workforce Engagement Director allows employees to initiate contact with the Board at any time and on any topic.

It is a Code requirement that the Remuneration Committee oversees and reviews Company-wide remuneration policies and the alignment of incentives and rewards with culture. Both workforce and executive remuneration should be aligned with culture. As described in some detail above, Ashmore's Remuneration Policy applies to all its employees, which is an important determinant of organisational culture. The Culture and Conduct Risk dashboard is circulated annually to the Committee and the alignment of incentives and rewards with culture is reviewed. As such, we have complied with Code requirements in this regard. The Code also requires that the Remuneration Committee has discretion to override formulaic outcomes of incentive plans. Ashmore does not have a formulaic incentive plan in regard to the setting of annual award levels and as such the Remuneration Committee has complete discretion to set awards at levels it feels are appropriate when all areas have been assessed. The Remuneration Committee also has the flexibility to apply malus to vesting share awards if they believe that there is good reason for doing so, thus giving the Committee the ability to reduce the level of vesting if appropriate.

Ashmore's Remuneration Committee has determined pay levels for all employees identified as Code or Identified staff under the FCA's Remuneration guidelines since these came into force in 2010. Initially comprising a relatively narrow group of senior control function managers, this was extended through compliance with the Alternative Investment Fund Managers Directive in 2014 to include all UK based senior managers. For the financial year ending 30 June 2020 reported on in the 2020 Annual Report, this has been extended to include any relevant senior managers based outside the UK. The Code requires the Remuneration Committee Chair to have served on the Remuneration Committee for at least a year before taking on the Chair. I have been a member of the Remuneration Committee since 2013 and so Ashmore is in compliance with the Code, and we will seek to ensure that remains the case for future appointments.

The Code requires pension contribution rates for Executive Directors to be aligned with those available to the wider workforce. As noted above, this has always been the case under Ashmore's Remuneration Policy. The current level of Company contribution is 9% of base salary, with a further matching contribution of up to 1% of base salary, should the employee or Executive Director make a personal contribution of an equivalent amount. The contribution level is reviewed periodically and is currently capped at £10,000 per annum.

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

The new Code also requires the implementation of a post-employment shareholding policy, which has been included within the Directors Remuneration policy, to be proposed for approval by shareholders at the forthcoming AGM, and which will come into force with effect from the AGM should the policy be approved. This policy will require Executive Directors to maintain a shareholding of 200% of salary (based on the market price of Ashmore Group plc shares on the previous year end date of 30 June prior to their termination of employment) for two years post the termination of their employment.

Membership of the Remuneration Committee

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

Remuneration Committee attendance

	Percentage of meetings attended out of potential maximum
Dame Anne Pringle DCMG	100%
Clive Adamson	100%
David Bennett	100%
Jennifer Bingham	100%

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

External advisers

The Remuneration Committee received independent advice from Aon throughout the period from 1 July 2019 to 14 June 2020. Aon abides by the Remuneration Consultants' Code of Conduct, which requires it to provide objective and impartial advice. Aon's fees for the year ending 30 June 2020 were £28,300 and were charged on a time and materials basis. Aon does not provide other services to the Company. At the end of this period, Aon informed the Remuneration Committee that it would be ceasing to provide remuneration consulting services. The Remuneration Committee undertook a selection process to determine which firm should provide these services to the Committee for the year commencing 1 July 2020, and Deloitte was selected.

Figure 15

Statement of shareholder voting

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

Remuneration Report	2019 AGM resolution to approve the Directors' Remuneration report for the year ended 30 June 2019	% of votes cast
Votes cast in favour	481,052,713	84.83%
Votes cast against	86,023,844	15.17%
Total votes cast	567,076,557	100.00%
Abstentions	26,472,846	N/A

At the 2017 AGM, the Directors' Remuneration Policy received the following votes from shareholders:

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

Approval

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

Signed on behalf of the Board of Directors.

Dame Anne Pringle DCMG
Chair of the Remuneration Committee

10 September 2020

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the Group and parent company financial statements in accordance with applicable law and regulations. The names and functions of the Directors are listed on pages 61, 62 and 68 of the Annual Report.

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

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

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

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

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

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

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

We confirm that to the best of our knowledge:

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

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

David Bennett
Chairman

10 September 2020

The Directors present their Annual Report and financial statements for the year ended 30 June 2020.

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 2020 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, along with an indication of the likely future developments in the business, can be found in the financial highlights on the inside front cover, the Chief Executive Officer's review on pages 14 to 17, the Business review on pages 28 to 34 and the Corporate governance report on pages 63 to 74.

The Group's approach to financial risk management and the principal risks facing the business, including price risk, credit risk, liquidity risk and cash flow risk and a description of the risk management policy are detailed on pages 35 to 41.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 123.

The Directors recommend a final dividend of 12.10 pence per share (FY2018/19: 12.10 pence) which, together with the interim dividend of 4.80 pence per share (FY2018/19: 4.55 pence) already declared, makes a total for the year ended 30 June 2020 of 16.90 pence per share (2019: 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 11 December 2020 to shareholders on the register on 6 November 2020 (the ex-dividend date being 5 November 2020).

Related party transactions

Details of related party transactions are set out in note 28 to the financial statements.

Post-balance sheet events

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

Directors

The members of the Board together with their biographical details are shown on pages 61 to 62. All members of the Board served as Directors throughout the year.

Details of the service contracts of the current Directors are described on page 115..

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

Notwithstanding these provisions, the Board has adopted provision 18 of the 2018 Code and all Directors will retire and seek re-election at each Annual General Meeting. The Listing Rules require that the election/re-election of independent directors is by a majority of votes cast by independent shareholders as well as by a majority of votes cast by all shareholders.

The Board confirms that the Company and Mark Coombs entered into a relationship agreement on 1 July 2014 as required under UK Listing Rule 9.2.2ADR(1); and that: (i) the Company has complied with the independence provisions included in that agreement; (ii) so far as the Company is aware, Mark Coombs has complied with the independence provisions included in that agreement; and (iii) so far as the Company is aware, Mark Coombs has complied with the procurement obligation included in that agreement pursuant to UK Listing Rule 9.2.2BR(2)(a), in each case during the financial reporting period ending on 30 June 2020.

Diversity

The Nominations Committee and the Board recognise the importance of diversity and believe that this is a wider issue than solely gender. The Committee will make recommendations to the Board concerning the diversity policy of the Group, ensuring that candidate pools for Board or senior management appointments (whilst being assembled on merit and objective criteria) wherever possible include candidates of different gender, ethnic and social backgrounds. The Nominations Committee, in assessing the suitability of a prospective Director, will consider whether the candidate is 'overboarded' and has sufficient time available to discharge their duties and the overall balance of skills, experience and knowledge on the Board. The Board currently consists of two Executive and four Non-executive Directors, of whom two are female. The Nominations Committee from time to time engages the services of an external search consultant for the purpose of seeking new candidates for Board membership, conditional upon such consultant having no connection to the Company.

It is Ashmore's policy to attract and retain a diverse workforce. Whilst there are no quotas set in respect of gender, age or educational or professional background, Ashmore is committed to providing equal opportunities and seeks to ensure that its workforce reflects, as far as is practicable, the diversity of the many communities in which it operates. As at 30 June 2020 Ashmore employed 36 different nationalities throughout the organisation. Details of the gender balance across the Group and in relation to senior management and their direct reports are provided on page 48. It is the Group's policy to give appropriate consideration to applications from disabled persons, having regard to their particular aptitudes and abilities. For the purposes of training, career development and progression (including those who become disabled during the course of their employment) all are treated on equal terms with other employees.

Insurance and indemnification of Directors

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

Directors' conflicts of interest

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

Save as disclosed on page 61, 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 105 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 18 in the Notice of Annual General Meeting will seek approval from shareholders to a waiver of the provisions of Rule 9 of the Takeover Code in respect of the obligation that could arise for Mark Coombs to make a mandatory offer for the Company in the event that the Company exercises the authority to make market purchases of its own shares. Further details will be contained in the separate Notice of AGM.

Substantial shareholdings

The Company has been notified of the following significant interests in accordance with the Financial Conduct Authority's (FCA) Disclosure and Transparency Rules (other than those of the Directors which are disclosed separately on page 105) in the Company's ordinary shares of 0.01 pence each as set out in the table below.

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

	Number of voting rights disclosed as at 30 June 2020	Percentage interests[3]	Number of voting rights disclosed as at 10 September 2020	Percentage interests[3]
Overseas Pensions and Benefits Limited (formerly Carey Pensions and Benefits Limited) as Trustees of the Ashmore 2004 Employee Benefit Trust[2]	**50,648,181**	7.10	**50,648,181**	7.10
Standard Life Aberdeen plc	**49,997,436**	7.01	**49,997,436**	7.01
Schroders plc	**34,589,104**	4.85	**34,589,104**	4.85
Allianz Global Investors GmbH	**32,695,220**	4.58	**32,695,220**	4.58
UBS Group AG	**27,343,929**	3.84	**27,343,929**	3.84

1. The shareholding of Mark Coombs, a Director and substantial shareholder, is disclosed separately on page 105.
2. In addition to the interests in the Company's ordinary shares referred to above, each Executive Director and employee of the Group has an interest in the Company's ordinary shares held by Overseas Pensions and Benefits Limited (formerly Carey Pensions and Benefits Limited) under the terms of the Ashmore 2004 Employee Benefit Trust (EBT). The voting rights disclosed for the EBT in this table reflect the last notification made to the Company in accordance with DTR 5. The actual number of shares held by the EBT as at 30 June 2020 is disclosed in note 23 to the financial statements.
3. Percentage interests are based upon 712,740,804 shares in issue (2019: 712,740,804).

Relations with shareholders

The Company places great importance on communication with its investors and aims to keep shareholders informed by means of regular communication with institutional shareholders, analysts and the financial press throughout the year. During the year the Chairman of the Board and the Chair of the Remuneration Committee engaged with the Company's major shareholders in relation to remuneration and corporate governance. Further details are provided in the Annual Report at pages 63 and 64.

Annual and interim reports and quarterly assets under management updates are widely distributed to other parties who may have an interest in the Group's performance. These documents are also made available on the Company's website where formal regulatory information service announcements are posted. The Chief Executive Officer and Group Finance Director report to the Board on investor relations and on specific discussions with major shareholders and the Board receives copies of research published on the Company.

The Company will be issuing a separate circular and notice of meeting in respect of this year's AGM. This will include details of any special arrangements that may be required as a result of the COVID-19 pandemic. The Group will announce via a regulatory information service the number of votes cast on resolutions at 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.

Share capital

The Company has a single class of share capital, ordinary shares of 0.01 pence, each of which rank pari passu in respect of participation and voting rights. The shares are in registered form. The issued share capital of the Company at 30 June 2020 was 712,740,804 shares. There were no shares held in Treasury.

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

Restrictions on voting rights

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

Purchase of own shares

In the year under review, the Company did not purchase any of its own shares for Treasury. The Company is, until the date of the next Annual General Meeting, generally and unconditionally authorised to buy back up to 35,637,040 of its own issued shares. The Company is seeking a renewal of the share buyback authority at the 2020 Annual General Meeting.

Power to issue and allot shares

The Directors are generally and unconditionally authorised to allot unissued shares in the Company up to a maximum nominal amount of £23,758.03 (and £47,516.05 in connection with an offer by way of a rights issue).

A further authority has been granted to the Directors to allot the Company's shares for cash, up to a maximum nominal amount of £23,758.03, 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 2020 Annual General Meeting.

Employees

Details of the Company's employment practices (including the employment of disabled persons) can be found in the Sustainability section on pages 48 to 60.

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

Corporate governance

The Company is governed according to the applicable provisions of company law and by the Company's Articles. As a listed company, the Company must also comply with the Listing Rules and the Disclosure Guidance and Transparency Rules issued by the United Kingdom Financial Conduct Authority (FCA). Listed companies are expected to comply as far as possible with the Financial Reporting Council's UK Corporate Governance Code, and to state how its principles have been applied. There is a report from the Chairman on corporate governance on pages 63 to 64 and a description of how the Company has complied with each of the Principles of the Code on pages 65 to 66. The Company complied throughout the accounting period under review with all the relevant provisions set out in the Code.

Mandatory greenhouse gas emissions reporting and SECR requirements

In line with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, since 1st October 2013 all companies listed on the main market of the London Stock Exchange have been required to report their greenhouse gas emissions (GHG emissions) in their annual report. In addition, effective from 1st April 2019, Ashmore Group plc is also required to adhere to the mandatory Streamlined Energy and Carbon Reporting regulation introduced by the UK Government.

1. Ashmore's Scope 1 emissions relate to gas combustion and refrigerant usage.
   Ashmore's Scope 2 emissions relate to purchased electricity.
   Ashmore's Scope 3 emissions relate to water usage, air travel and office waste.
2. www.ghgprotocol.org/files/ghgp/Scope%202%20Guidance_Final.pdf.

Operational control methodology

The Group has adopted the operational control method of reporting. The emissions reported below are for the 10 offices around the world where the Group exercised direct operational control in the 2019/20 financial year. These office emissions, as well as emissions originating from their operations, are those which are considered material to Ashmore. The Group has a policy of carbon offsetting and further details are provided on page 50.

Emission scopes

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

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

Exclusions & Estimation

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

- In those instances, where a full 12 months' data was not available, estimation techniques have been applied to estimate missing consumption periods. Where no country data was available for the current reporting year, previous years have been used to estimate 2019/20 consumption based on headcount numbers.
- A number of offices were only able to provide data for the whole building in which they reside. No sub-metered data was available for each tenant in these cases. In these instances, the share of the total floor area occupied by the Group was used to apportion the total consumption.
- Missing, or anomalous, water data was estimated using an average consumption figure of 15m3 per full-time employee, as sourced from a UK-based water company. This figure is broadly consistent with the average 'per employee' consumption of those offices which were able to provide data.
- For those offices where the landlord utilities charge was the only possible source of data, energy and water consumption have been estimated using the average governmental utility prices for the respective countries.
- Where offices were not able to provide any waste data for their buildings it was not deemed appropriate to estimate this, due to the uncertainties surrounding the varying nature of building sizes, modes of working and cities' waste disposal infrastructure, amongst other factors. It has also not been possible to make use of data supplied in litres, as the density of the waste is unknown.
- The Group recharges partner organisations for 50% of the flights which are booked for the UK, Singapore and Japan offices. In order to account for this, only half of all the flight mileage booked by the Group for these offices is included in the GHG footprint. The same methodology is expected to be applied in subsequent years. The USA office recharge rate was confirmed to be 49%.

Methodology

All data has been collected and analysed in line with the GHG Protocol Corporate Accounting and Reporting Standard[1]. UK Government 2020 emission factors[2] have been applied for all calculations, except the international offices' electricity consumption, for which the International Energy Agency's 2019 emissions factors[3] have been used.

The data inputs and outputs have been reviewed by Ricardo Energy & Environment.

Consumption and emissions

The overall GHG emissions decreased by 31.9% compared to the last year. This is primarily due to the impact of the COVID-19 global pandemic which resulted in a reduction in office-based working and air travel. Analysis of the energy efficiency of the new offices demonstrates that more energy efficient buildings are joining the portfolio, however the increase in full time employees overrides the potential emissions reductions. Air travel emissions decreased by 46% due to the effect of the COVID-19 pandemic resulting in a significant reduction in air travel during March to June. This category, however, still remains the largest contributor to the Group's emissions breakdown with 407 tCO_2e (59%). The second largest contributor to the GHG footprint, purchased electricity, has increased slightly this year due to the use of European Residual Mix emission factors for market-based emissions calculations, and now accounts for 233 tCO2e or 34%. Waste, water and refrigerants (based on the available data) account for the lowest levels of emissions.

Emissions by Source

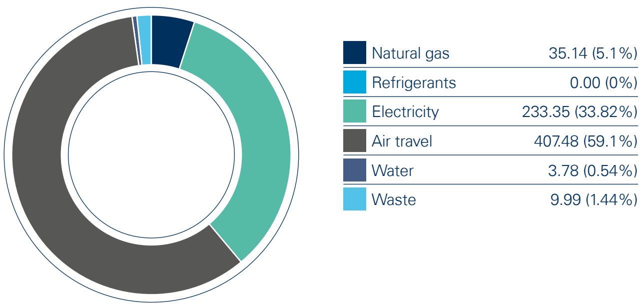
Emissions by Source	2018/19	**2019/20**
Natural gas (kWh)	188,664	**191,095**
Refrigerants (kg)	–	**–**
Electricity (kWh)	613,050	**510,107**
Air travel (km)	4,014,572	**2,499,532**
Water (m3)	3,733	**3,588**
Waste (kg)	29,686	**26,555**
Total	4,849,706	**3,230,877**

Emissions have also been calculated using an 'intensity metric', which enables the Group to monitor how well it is controlling emissions on an annual basis, independent of fluctuations in the levels of its activity. As the Group is a "people" business, the most suitable metric is 'emissions per full-time equivalent (FTE) employee'. The Group's emissions per FTE are shown in the table below. Due to the overall increase in emissions, tonnes of CO_2e emitted per FTE has also risen since last year[5].

Emissions per full-time employee

Scope	Tonnes CO_2e 2018/19	**Tonnes CO_2e 2019/20**
Scope 1	0.1	**0.1**
Scope 2[6]	0.8	**0.8**
Scope 3	2.7	**1.4**
Total	3.6	**2.4**

Emissions by source[7]



The Group has continued to undertake actions to improve the energy efficiency of its sites. This includes:

- The continued roll-out of LED lighting replacements where appropriate:
- Reviewing the weekend and out of hours control of the plant to confirm nothing is mistakenly left on with no demand;

Emissions by Scope

Scope	Source	Tonnes CO_2e 2018/19	Absolute totals Tonnes CO_2e (2018/19)	**Tonnes CO_2e 2019/20**	**Absolute totals Tonnes CO_2e (2019/20)**
Scope 1	Natural gas	34.69	34.69	**35.14**	**35.14**
Scope 1	Refrigerants	0.00		**0.00**	
Scope 2	Electricity – location based	223.54	223.54	**200.10**	**200.10**
Scope 2	Electricity – market based[4]	223.80	223.80	**233.35**	**233.35**
Scope 3	Air travel	748.30	754.71	**407.48**	**421.25**
Scope 3	Water	3.93		**3.78**	
Scope 3	Waste	2.48		**9.99**	
Total (using market-based Scope 2 emissions)			1,013.19		**689.73**

1. http://www.ghgprotocol.org/.
2. All UK related emissions factors have been selected from the emissions conversion factors published annually by UK Government.: https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting#conversion-factors-2020.
3. All international electricity emissions factors were taken from the International Energy Agency's statistics report "CO2 Emissions from Fuel Combustion" (2019 Edition). Purchased under license.
4. This figure is based on a combination of market based and location based emission factors. Market based emissions factors were provided for one Ashmore office: Japan. This figure uses the market based emission factor for this office. The UK and Ireland offices uses residual mix figures as supply specific emissions factors could not be obtained. All other offices' Scope 2 emissions are calculated using the location based factor. This figure is hereafter referred to as 'market-based emissions'.
5. FTE 2018/19 = 284.5 employees; FTE 2019/20 = 291.5 employees.
6. Using market-based emissions.
7. Using market-based emissions.

- The boiler management settings and controls to ensure they are set appropriately with regards to the outside temperature. (including the 2018 boiler replacement);
- Practising good "switch off" practices at all times;
- Reduction of air travel and development of virtual meetings.

CO_2 emissions at 61 Aldwych (London – Ashmore's largest office) have decreased by 22.2% for the period April 2019 to March 2020 when compared to April 2018 to March 2019. 61 Aldwych has exceeded the 5% annual emissions reduction target. Furthermore, the CO_2 emissions last quarter (January to March 2020) have decreased by 29.7% against the same quarter in 2019. Overall, the building is performing adequately, with total energy consumption roughly equivalent to the REEB 'Typical Practice' benchmark for this type of building. The overall Landlord electricity consumption in Q1 2020 has decreased by 20% when compared to the same period in 2019.

Charitable and political contributions

During the year, the Group made charitable donations of £0.4 million (FY2018/2019: £0.1 million). Further details of the donations made in connection with the COVID-19 pandemic are provided on page 11. The work of the Ashmore Foundation is described in the Sustainability section of this report on pages 48 to 60. 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 2020, the amount owed to the Group's trade creditors in the UK represented approximately 17 days' average purchases from suppliers (FY2018/19: 15 days).

Auditors and the disclosure of information to auditors

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

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

2020 Annual General Meeting

Details of the Annual General Meeting (AGM) will be given in the separate circular and Notice of Meeting. A special resolution to adopt revised Articles of Association and a summary of the proposed changes will be included in the circular.

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.

The impact of the COVID-19 pandemic on the Group's business is described on pages 10 to 11. Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position, are set out on pages 28 to 34.

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 111 to 115 inclusive has been drawn up and presented in accordance with and in reliance on English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

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

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

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

Approved by the Board and signed on its behalf by:

John Taylor
Company Secretary

10 September 2020

Our opinion is unmodified

We have audited the financial statements of Ashmore Group plc ("the Company") for the year ended 30 June 2020 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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

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

We were first appointed as auditor of the Company (then Ashmore Group Limited) by the Directors following its incorporation on 30 November 1998. Subsequent to the Company's conversion into a public limited company and the public listing of its shares on the London Stock Exchange on 3 October 2006, we were reappointed as auditor of Ashmore Group plc by the Directors on 31 October 2007. The period of total uninterrupted engagement is 21 years ended 30 June 2020 (13 years since the Company's public listing). We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Overview	
Materiality: Group financial statements as a whole	£11.0m (2019: £11.0m) 5% (2019: 5%) of Group profit before tax
Coverage	98% (2019: 95%) of Group profit before tax

Key audit matters		vs 2019
Recurring risks	Valuation of level 3 seed capital investments	◄ ►
	Recoverability of parent Company's loan to subsidiaries	◄ ►

Key audit matters: our assessment of risks of material misstatement

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

	The risk	Our response
Valuation of Level 3 investments £77.4 million; (2019: £105.7m) Refer to page 71 (Audit and Risk Committee report), page 133 (accounting policy) and page 153 (financial disclosures).	**Subjective valuation** Approximately 7% of the Group's total assets (by value) are held in investments valued using valuation techniques that utilise inputs unobservable in the market (i.e. level 3 investments), and therefore these valuations include a level of subjectivity due to judgement used in determining the underlying assumptions and appropriate valuation. Where the funds are consolidated (by virtue of the Group having a controlling interest in the fund under IFRS 10), the level 3 investments comprise the underlying unquoted investment securities within the consolidated funds (unquoted securities). Where the funds are not consolidated, the level 3 investments represent the Group's proportionate share of the net asset values in the funds (unquoted funds). All the level 3 investments are measured at fair value, which is established in accordance with the International Private Equity and Venture Capital Valuation Guidelines by using measurements of value such as price of recent orderly transactions, earnings multiples, discounted cash flow and net asset value (NAV). The effect of these matters is that, as part of our risk assessment, we determined that the valuation of level 3 investments has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. The financial statements (note 19) disclose the sensitivity estimated by the Group.	**Our procedures included:** **Control design** – We obtained an understanding of the Group's processes for determining the fair value of level 3 investments. We documented and assessed the design and implementation of the investment valuation processes and controls. **Historical comparisons** – We assessed investment realisations in the year by comparing actual investment disposal proceeds to prior year-end valuations to identify any significant variances and determine whether they are indicative of bias or error in the Group's approach to valuations. – We independently obtained and reviewed the latest audited financial statements for any exceptions, and compared the audited NAV to the unaudited NAV as at the same date to assess the reliability of the unaudited NAV. **Methodology choice** – In the context of observed industry best practice and the provisions of the Internal Private Equity and Venture Capital Valuation Guidelines, we challenged the appropriateness of the valuation basis selected. **Our valuations experience** With the assistance from our valuation specialists: – We challenged key judgements affecting the unquoted securities valuation such as discount rates and the choice of benchmark for earnings multiples. We compared key underlying financial data inputs to external sources such as financial information of comparable businesses, the investee company audited accounts and management information as applicable. – We challenged the assumptions around sustainability of earnings based on our knowledge of the investee company and the industry. – Our work included consideration of events (including both market and entity specific factors) which occurred subsequent to the year end up until the date of this audit report. **Comparing valuations** – For unquoted funds, we obtained and agreed the latest reported NAV from the fund manager and/or the fund administrator and agreed the NAV attributable to Ashmore to the reported valuation.

	The risk	Our response
Valuation of Level 3 investments (continued)		**Assessing transparency** – We considered the appropriateness of the disclosure made in respect of level 3 investments against the relevant accounting standards and the effect of changing one or more inputs to reasonably possible alternative valuation assumptions. – We also considered the impact that COVID-19 has had on the valuation of Level 3 investments and assessed the appropriateness and completeness of disclosures related to this impact. **Our findings** – We found the valuation of level 3 investments to be balanced with proportionate disclosure (2019: balanced with proportionate disclosure) of the related assumptions and sensitivities.
Recoverability of parent Company's loan to subsidiaries £464.8 million; (2019: £471.9 million) Refer to page 134 (accounting policy) and page 151 (financial disclosures).	**Low risk, high value** The carrying amount of the parent Company's loan to one subsidiary represents 70% (2019: 67%) of the Company's total assets. The recoverability of the loan is not at high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effort on our overall parent Company audit.	**Our procedures included:** **Test of details** – We assessed the parent Company's loan with reference to the subsidiary's audited balance sheet, to identify whether the subsidiary had a positive net asset value, and therefore coverage of the debt owed, as well as assessing whether the subsidiary had historically been profit-making. **Assessing subsidiary audits:** – We considered the results of the work we performed on the subsidiary audit on the net assets, including assessing the ability of the subsidiary to obtain liquid funds and therefore, its ability to fund the repayment of the receivable. **Our findings** – We found the parent Company's estimated recoverable amount of the loan to be balanced (2019: balanced).

We continue to perform procedures over management fee rebates. However, following the reduction of the manual elements of the rebate calculation, we have 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.

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

Materiality for the Group financial statements as a whole was set at £11.0 million (2019: £11.0 million), determined with reference to a benchmark of Group profit before tax, of which it represents 5% (2019: 5%). Materiality for the parent Company financial statements as a whole was set at £7.7 million (2019: £7.8 million), determined with reference to a benchmark of Company total assets, of which it represents 1% (2019: 1%).

We agreed to report to the Group Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.55 million (2019: £0.55 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 28 reporting components (2019: 29 components), we subjected four (2019: four) to full scope audits for Group reporting purposes and one (2019: none) to specified risk-focused audit procedures. The latter was not individually financially significant enough to require a full scope audit for Group purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the percentages illustrated opposite. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within the components.

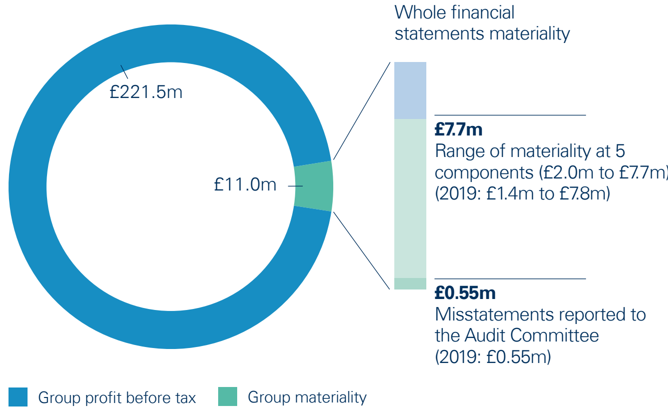
The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £2.0 million to £7.7 million, having regard to the mix of size and risk profile of the Group across the components. The work on one of the five components (2019: none of the four components) was performed by component auditors and the rest, including the audit of the parent Company, was performed by the Group team.

Group profit before tax

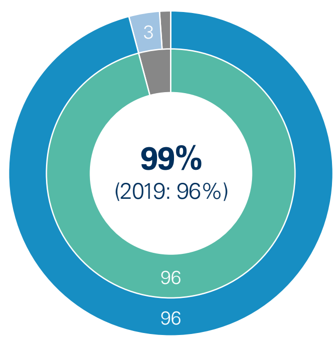
£221.5m (2019: £219.9m)

Group materiality

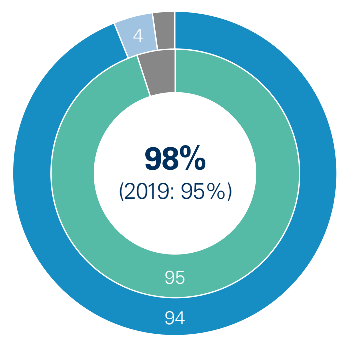
£11.0m (2019: £11.0m)
Whole financial statements materiality



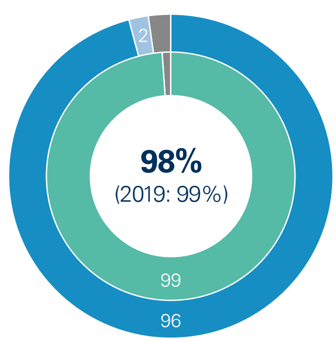
Group net revenue



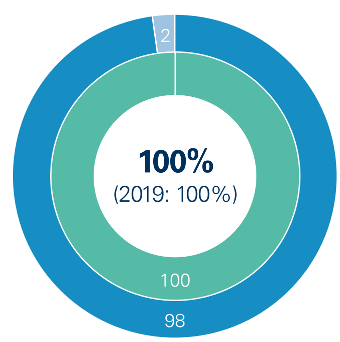
Group profit before tax



Group total assets



Group net assets



Full scope for group audit purposes 2020
Specified risk-focused audit procedures 2020
Full scope for group audit purposes 2019
Residual components

We have nothing to report on going concern

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

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

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

Based on this work, we are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or
- the related statement under the Listing Rules set out on page 111 is materially inconsistent with our audit knowledge.

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

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

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

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

Strategic report and Directors' report

Based solely on our work on the other information:

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

Directors' remuneration report

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

Disclosures of emerging and principal risks and longer-term viability

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

- the Directors' confirmation within the longer-term viability statement on page 37 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the Directors' explanation in the longer-term viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

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

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

Corporate governance disclosures

We are required to report to you if:

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

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

We have nothing to report in these respects.

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.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 110, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or other irregularities (see below), or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at Group level. The potential effect of these laws and regulations on the financial statements varies considerably.

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

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: the Listing Rules and certain aspects of company legislation recognising the financial and regulated nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we became aware of actual or suspected non-compliance and considered the effect as part of our procedures on the related financial statement items. The identified actual or suspected non-compliance was not sufficiently significant to our audit to result in our response being identified as a key audit matter.

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

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 and the terms of our engagement by the Company. 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 the further matters we are required to state to them in accordance with the terms agreed with the Company, 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

10 September 2020

Consolidated statement of comprehensive income
For the year ended 30 June 2020

	Notes	2020 £m	2019 £m
Management fees		**330.0**	307.6
Performance fees		**3.9**	2.8
Other revenue		**4.1**	5.9
Total revenue		**338.0**	316.3
Distribution costs		**(14.5)**	(13.3)
Foreign exchange	7	**7.0**	11.3
Net revenue		**330.5**	314.3
Gains/(losses) on investment securities	20	**(19.1)**	0.5
Change in third-party interests in consolidated funds	20	**7.5**	3.8
Personnel expenses	9	**(82.6)**	(84.2)
Other expenses	11	**(26.6)**	(31.6)
Operating profit		**209.7**	202.8
Finance income	8	**12.0**	17.4
Share of losses from associates and joint ventures	26	**(0.2)**	(0.3)
Profit before tax		**221.5**	219.9
Tax expense	12	**(36.8)**	(38.4)
Profit for the year		**184.7**	181.5
Other comprehensive income, net of related tax effect			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising on foreign operations		**12.8**	14.7
Cash flow hedge intrinsic value losses		**(0.1)**	–
Other comprehensive income, net of tax		**12.7**	14.7
Total comprehensive income for the year		**197.4**	196.2
Profit attributable to:			
Equity holders of the parent		**182.1**	178.6
Non-controlling interests		**2.6**	2.9
Profit for the year		**184.7**	181.5
Total comprehensive income attributable to:			
Equity holders of the parent		**194.7**	193.2
Non-controlling interests		**2.7**	3.0
Total comprehensive income for the year		**197.4**	196.2
Earnings per share			
Basic	13	**27.35p**	26.57p
Diluted	13	**25.68p**	25.04p

The notes on pages 130 to 170 form an integral part of these financial statements.

Consolidated balance sheet

As at 30 June 2020

	Notes	2020 £m	2019 £m
Assets			
Non-current assets			
Goodwill and intangible assets	15	**89.7**	87.3
Property, plant and equipment	16	**11.7**	1.5
Investment in associates and joint ventures	26	**0.6**	1.8
Non-current financial assets measured at fair value	20	**28.0**	31.6
Deferred acquisition costs		**0.7**	0.8
Deferred tax assets	18	**30.6**	30.2
		161.3	153.2
Current assets			
Investment securities	20	**234.5**	278.7
Financial assets measured at fair value	20	**11.6**	16.0
Trade and other receivables	17	**96.2**	79.4
Cash and cash equivalents		**500.9**	477.2
		843.2	851.3
Non-current assets held for sale	20	**43.1**	44.7
Total assets		**1,047.6**	1,049.2
Equity and liabilities			
Capital and reserves – attributable to equity holders of the parent			
Issued capital	22	**0.1**	0.1
Share premium		**15.6**	15.6
Retained earnings		**813.2**	812.6
Foreign exchange reserve		**27.6**	14.9
Cash flow hedging reserve		**(0.1)**	–
		856.4	843.2
Non-controlling interests	30	**22.6**	10.9
Total equity		**879.0**	854.1
Liabilities			
Non-current liabilities			
Lease liabilities	16	**8.2**	–
Deferred tax liabilities	18	**6.9**	8.4
		15.1	8.4
Current liabilities			
Lease liabilities	16	**2.0**	–
Current tax		**8.5**	22.5
Third-party interests in consolidated funds	20	**86.1**	107.0
Derivative financial instruments	21	**1.7**	1.1
Trade and other payables	24	**50.7**	56.1
		149.0	186.7
Non-current liabilities held for sale	20	**4.5**	–
Total liabilities		**168.6**	195.1
Total equity and liabilities		**1,047.6**	1,049.2

The notes on pages 130 to 170 form an integral part of these financial statements.

Approved by the Board on 10 September 2020 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 2020

	Attributable to equity holders of the parent							
	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Cash flow hedging reserve £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 30 June 2018	0.1	15.6	743.2	0.3	–	759.2	1.3	760.5
Profit for the year	–	–	178.6	–	–	178.6	2.9	181.5
Other comprehensive income/(loss):								
Foreign currency translation differences arising on foreign operations	–	–	–	14.6	–	14.6	0.1	14.7
Total comprehensive income/(loss)	–	–	178.6	14.6	–	193.2	3.0	196.2
Transactions with owners:								
Purchase of own shares	–	–	(23.7)	–	–	(23.7)	–	(23.7)
Acquisition of subsidiary with non-controlling interest	–	–	5.2	–	–	5.2	9.0	14.2
Share-based payments	–	–	27.6	–	–	27.6	–	27.6
Dividends to equity holders	–	–	(118.3)	–	–	(118.3)	–	(118.3)
Dividends to non-controlling interests	–	–	–	–	–	–	(2.4)	(2.4)
Total contributions and distributions	–	–	(109.2)	–	–	(109.2)	6.6	(102.6)
Balance at 30 June 2019	0.1	15.6	812.6	14.9	–	843.2	10.9	854.1
Adjustment on adoption of IFRS 16 (note 3)	–	–	(0.2)	–	–	(0.2)	–	(0.2)
Adjusted balance at 1 July 2019	0.1	15.6	812.4	14.9	–	843.0	10.9	853.9
Profit for the year	**–**	**–**	**182.1**	**–**	**–**	**182.1**	**2.6**	**184.7**
Other comprehensive income/(loss):								
Foreign currency translation differences arising on foreign operations	**–**	**–**	**–**	**12.7**	**–**	**12.7**	**0.1**	**12.8**
Cash flow hedge intrinsic value losses	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**	**–**	**(0.1)**
Total comprehensive income/(loss)	**–**	**–**	**182.1**	**12.7**	**(0.1)**	**194.7**	**2.7**	**197.4**
Transactions with owners:								
Purchase of own shares	**–**	**–**	**(89.5)**	**–**	**–**	**(89.5)**	**–**	**(89.5)**
Share-based payments	**–**	**–**	**28.6**	**–**	**–**	**28.6**	**–**	**28.6**
Issue of shares to non-controlling interests (note 30)	**–**	**–**	**(0.4)**	**–**	**–**	**(0.4)**	**11.7**	**11.3**
Dividends to equity holders	**–**	**–**	**(120.0)**	**–**	**–**	**(120.0)**	**–**	**(120.0)**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(2.7)**	**(2.7)**
Total contributions and distributions	**–**	**–**	**(181.3)**	**–**	**–**	**(181.3)**	**9.0**	**(172.3)**
Balance at 30 June 2020	**0.1**	**15.6**	**813.2**	**27.6**	**(0.1)**	**856.4**	**22.6**	**879.0**

The notes on pages 130 to 170 form an integral part of these financial statements.

Consolidated cash flow statement
For the year ended 30 June 2020

	2020 £m	2019 £m
Operating activities		
Operating profit	**209.7**	202.8
Adjustments for non-cash items:		
Depreciation and amortisation	**3.4**	4.8
Accrual for variable compensation	**33.9**	27.6
Unrealised foreign exchange gains	**(7.0)**	(11.3)
Other non-cash items	**10.6**	(4.3)
Cash generated from operations before working capital changes	**250.6**	219.6
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**9.1**	(8.2)
Increase in derivative financial instruments	**0.6**	1.0
Decrease in trade and other payables	**(5.4)**	(1.2)
Cash generated from operations	**254.9**	211.2
Taxes paid	**(52.1)**	(22.1)
Net cash generated from operating activities	**202.8**	189.1
Investing activities		
Interest and investment income received	**14.7**	15.4
Proceeds on disposal of associates	**0.6**	–
Acquisition of subsidiary, net of cash acquired	**–**	(4.9)
Purchase of non-current financial assets measured at fair value	**(3.6)**	(4.8)
Purchase of financial assets held for sale	**(43.6)**	(64.0)
Purchase of financial assets measured at fair value	**–**	(0.3)
(Purchase)/sale of investment securities	**(9.1)**	4.7
Sale of non-current financial assets measured at fair value	**2.5**	24.0
Sale of financial assets held for sale	**8.4**	19.4
Sale of financial assets measured at fair value	**25.1**	4.4
Net cash on initial consolidation of seed capital investments	**(0.4)**	3.5
Purchase of property, plant and equipment	**(1.0)**	(0.8)
Net cash used in investing activities	**(6.4)**	(3.4)
Financing activities		
Dividends paid to equity holders	**(120.0)**	(118.3)
Dividends paid to non-controlling interests	**(2.7)**	(2.4)
Third-party subscriptions into consolidated funds	**50.0**	2.7
Third-party redemptions from consolidated funds	**(29.6)**	(10.3)
Distributions paid by consolidated funds	**(1.9)**	(1.5)
Proceeds on issue of shares to non-controlling interests (note 30)	**11.3**	–
Payment of lease liabilities (note 16)	**(2.3)**	–
Interest paid (note 16)	**(0.5)**	–
Purchase of own shares	**(89.5)**	(23.7)
Net cash used in financing activities	**(185.2)**	(153.5)
Net increase in cash and cash equivalents	**11.2**	32.2
Cash and cash equivalents at beginning of year	**477.2**	433.0
Effect of exchange rate changes on cash and cash equivalents	**12.5**	12.0
Cash and cash equivalents at end of year	**500.9**	477.2
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**68.5**	73.9
Daily dealing liquidity funds	**368.0**	243.3
Deposits	**64.4**	160.0
	500.9	477.2

The notes on pages 130 to 170 form an integral part of these financial statements.

Company balance sheet
As at 30 June 2020

	Notes	2020 £m	2019 £m
Assets			
Non-current assets			
Goodwill	15	**4.1**	4.1
Property, plant and equipment	16	**6.8**	0.5
Investment in subsidiaries	25	**19.9**	19.9
Deferred acquisition costs		**0.7**	0.8
Deferred tax assets	18	**20.6**	16.6
		52.1	41.9
Current assets			
Trade and other receivables	17	**518.2**	495.0
Cash and cash equivalents		**91.8**	150.3
		610.0	645.3
Total assets		**662.1**	687.2
Equity and liabilities			
Capital and reserves			
Issued capital	22	**0.1**	0.1
Share premium		**15.6**	15.6
Retained earnings		**583.5**	632.6
Cash flow hedging reserve		**(0.1)**	–
Total equity attributable to equity holders of the Company		**599.1**	648.3
Liabilities			
Non-current liabilities			
Lease liability	16	**4.8**	–
Current liabilities			
Lease liability	16	**1.1**	–
Derivative financial instruments		**1.7**	0.7
Trade and other payables	24	**55.4**	38.2
		63.0	38.9
Total equity and liabilities		**662.1**	687.2

The notes on pages 130 to 170 form an integral part of these financial statements.

Approved by the Board on 10 September 2020 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 2020

	Issued capital £m	Share premium £m	Retained earnings £m	Cash flow hedging reserve £m	Total equity attributable to equity holders of the parent £m
Balance at 30 June 2018	0.1	15.6	573.8	–	589.5
Profit for the year	–	–	178.4	–	178.4
Purchase of own shares	–	–	(23.7)	–	(23.7)
Acquisition of subsidiary	–	–	5.2	–	5.2
Share-based payments	–	–	17.2	–	17.2
Dividends to equity holders	–	–	(118.3)	–	(118.3)
Balance at 30 June 2019	0.1	15.6	632.6	–	648.3
Profit for the year	**–**	**–**	**120.7**	**–**	**120.7**
Cash flow hedge intrinsic value losses	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Purchase of own shares	**–**	**–**	**(89.5)**	**–**	**(89.5)**
Share-based payments	**–**	**–**	**39.7**	**–**	**39.7**
Dividends to equity holders	**–**	**–**	**(120.0)**	**–**	**(120.0)**
Balance at 30 June 2020	**0.1**	**15.6**	**583.5**	**(0.1)**	**599.1**

The notes on pages 130 to 170 form an integral part of these financial statements.

Company cash flow statement
For the year ended 30 June 2020

	2020 £m	2019 £m
Operating activities		
Operating profit	**116.9**	178.4
Adjustments for:		
Depreciation and amortisation	**1.5**	0.3
Accrual for variable compensation	**21.7**	17.2
Unrealised foreign exchange gains	**(13.9)**	(15.5)
Dividends received from subsidiaries	**(122.0)**	(174.4)
Cash generated from operations before working capital changes	**4.2**	6.0
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**22.4**	(9.7)
Increase in derivative financial instruments	**1.0**	0.7
Increase/(decrease) in trade and other payables	**17.2**	(37.8)
Cash generated from/(used in) operations	**44.8**	(40.8)
Taxes paid	**(38.4)**	(12.5)
Net cash generated from/(used in) operating activities	**6.4**	(53.3)
Investing activities		
Interest received	**1.4**	0.7
Acquisition of subsidiary	**–**	(5.2)
Loans advanced to subsidiaries	**(111.8)**	(66.8)
Loans repaid by subsidiaries	**135.1**	80.1
Dividends received from subsidiaries	**122.0**	174.4
Purchase of property, plant and equipment	**(0.9)**	(0.3)
Net cash generated from investing activities	**145.8**	182.9
Financing activities		
Dividends paid	**(120.0)**	(118.3)
Payment of lease liability	**(1.0)**	–
Interest paid	**(0.3)**	–
Purchase of own shares	**(89.5)**	(23.7)
Net cash used in financing activities	**(210.8)**	(142.0)
Net decrease in cash and cash equivalents	**(58.6)**	(12.4)
Cash and cash equivalents at beginning of year	**150.3**	159.2
Effect of exchange rate changes on cash and cash equivalents	**0.1**	3.5
Cash and cash equivalents at end of year	**91.8**	150.3
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**16.9**	19.6
Daily dealing liquidity funds	**31.9**	10.7
Deposits	**43.0**	120.0
	91.8	150.3

The notes on pages 130 to 170 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 2020 were authorised for issue by the Board of Directors on 10 September 2020. The principal activity of the Group is described in the Directors' report on page 111.

2) Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) effective for the Group's reporting for the year ended 30 June 2020 and applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of derivative financial instruments and financial assets and liabilities that are held at fair value through profit or loss.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further information about key assumptions and other key sources of estimation and areas of judgement are set out in note 31.

Going concern

The Board of Directors has considered the resilience of the Group, taking into account its current financial position, and the principal and emerging risks facing the business including the impact of COVID-19 on global markets and potential implications for the Group's financial performance. The Board reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of downsides which could reasonably be anticipated, the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Board considered the impact of COVID-19 by applying stressed scenarios, including severe but plausible downside assumptions, and the impact on assets under management, profitability of the Group and known commitments. While there are significant wider market uncertainties that may impact the Group, the stressed scenarios, which assumed a significant reduction in revenue for the entire forecast period, show that the Group and Company would continue to operate profitably and meet their liabilities as they fall due for a period of at least 12 months from the date of approval of the annual financial statements. The financial statements have therefore been prepared on a going concern basis.

3) New Standards and Interpretations adopted by the Group

The Group has applied IFRS 16 Leases (IFRS 16) and IFRIC 23 Uncertainty over Income Tax Treatments from 1 July 2019. The nature and effect of the adoption of these standards are disclosed below.

IFRS 16 Leases

The Group has applied IFRS 16 for the first time for its annual reporting period commencing on 1 July 2019. IFRS 16 replaces IAS 17 Leases and became effective for reporting periods beginning on or after 1 January 2019. On adoption of IFRS 16, the Group has measured the right-of-use (ROU) assets as if the standard had always been applied but based on an incremental borrowing rate at 1 July 2019. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate as at 1 July 2019.

Comparative information has not been restated as the Group has applied IFRS 16 using the modified retrospective approach with the cumulative effect of initially applying the standard recognised as an adjustment to the opening retained earnings at 1 July 2019.

The Group has applied the optional exemption contained within IFRS 16, which permits the cost of short-term (less than 12 months) leases to be expensed on a straight-line basis over the lease term. These lease arrangements are not material to the Group.

At 30 June 2019, the Group had non-cancellable operating lease commitments of £13.8 million. As a result of applying IFRS 16, the Group has recognised a lease liability and ROU asset at 1 July 2019 of £12.8 million and £12.6 million respectively. This reduced the Group's net assets by £0.2 million, recognised as a reduction in retained earnings at 1 July 2019. The weighted average lessee's incremental borrowing rate applied to measure the lease liabilities on 1 July 2019 was 4.8%.

The Group's accounting policies in respect of IFRS 16 are set out in note 4 and additional disclosure on the Group's recognised ROU assets and lease liabilities is provided in note 16.

IFRIC 23 Uncertainty over Income Tax Treatments

IFRIC 23 became effective on 1 January 2019 and provides clarification as to how the recognition and measurement requirements of IAS 12 Income Tax should be applied. IFRIC 23 does not have a material impact on the Group.

New Standards and Interpretations not yet adopted

There were no other Standards or Interpretations that were in issue and required to be adopted by the Group as at the date of authorisation of these consolidated financial statements. No other Standards or Interpretations have been issued that are expected to have a material impact on the Group's financial statements.

4) Significant accounting policies

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

Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries, associates and joint ventures. This includes an Employee Benefit Trust (EBT) established for the employee share-based awards and consolidated investment funds.

Interests in subsidiaries

Subsidiaries are entities, including investment funds, over which the Group has control as defined by IFRS 10. The Group has control if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

The profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to any non-controlling interests. Based on their nature, the interests of third parties in consolidated funds are classified as liabilities and appear as 'Third-party interests in consolidated funds' on the Group's balance sheet. Associates and joint ventures are presented as single-line items in the statement of comprehensive income and balance sheet (refer to note 26). 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 2020.

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

Interests in associates and joint arrangements

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

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

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

Interests in consolidated structured entities

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

The Group has interests in structured entities as a result of the management of assets on behalf of its clients. Where the Group holds a direct interest in a closed-ended fund, private equity fund or open-ended pooled fund such as a SICAV, the interest is accounted for either as a consolidated structured entity or as a financial asset, depending on whether the Group has control over the fund or not. Control is determined in accordance with IFRS 10, based on an assessment of the level of power and aggregate economic interest that the Group has over the fund, relative to third-party investors. Power is normally conveyed to the Group through the existence of an investment management agreement and/or other contractual arrangements. Aggregate economic interest is a measure of the Group's exposure to variable returns in the fund through a combination of direct interest, expected share of performance fees, expected management fees, fair value gains or losses, and distributions receivable from the fund.

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

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

4) Significant accounting policies continued

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 27.

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

Foreign operations

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

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

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

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

Business combinations

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

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

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

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

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

Goodwill

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

Intangible assets

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

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Intangible assets with finite life are amortised on a systematic basis over their useful lives. The useful life of an intangible asset which has arisen from contractual or other legal rights does not exceed the period of the contractual or other legal rights.

Non-controlling interests (NCI)

The Group recognises NCI in an acquired entity either at fair value or at the NCI's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Changes to the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Property, plant and equipment

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

Deferred acquisition costs

Costs that are directly attributable to securing an investment management contract are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. Deferred acquisition costs represent the incremental costs incurred by the Group to acquire an investment management contract, typically on a closed-ended fund. The Group amortises the deferred acquisition asset recognised on a systematic basis, in line with the revenue generated from providing the investment management services over the life of the fund.

Financial instruments

Recognition and initial measurement

Financial instruments are recognised when the Group becomes party to the contractual provisions of an instrument, initially at fair value plus transaction costs except for financial assets classified at fair value through profit or loss. Purchases or sales of financial assets are recognised on the trade date, being the date that the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or been transferred or when the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability has been discharged, cancelled or expires.

Subsequent measurement

The subsequent measurement of financial instruments depends on their classification in accordance with IFRS 9 Financial Instruments and IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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

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

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

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

Financial assets

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

The Group may, from time to time, invest seed capital in funds where a subsidiary is the investment manager or an adviser. Where the holding in such investments is deemed to represent a controlling stake and is acquired exclusively with a view to subsequent disposal through sale or dilution, these seed capital investments are recognised as non-current financial assets held for sale in accordance with IFRS 5. The Group recognises 100% of the investment in the fund as a 'held for sale' asset and the interest held by other parties as a 'liability held for sale'. Where control is not deemed to exist, and the assets are readily realisable, they are recognised as financial assets measured at FVTPL in accordance with IFRS 9. Where the assets are not readily realisable, they are recognised as non-current financial assets measured at FVTPL. If a seed capital investment remains under the control of the Group for more than one year from the original investment date, the underlying fund is consolidated line by line.

Investment securities at FVTPL

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

4) Significant accounting policies continued

Non-current financial assets held for sale (HFS)

Non-current financial assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell except where measurement and remeasurement is outside the scope of IFRS 5. Where investments that have initially been recognised as non-current financial assets held for sale, because the Group has been deemed to hold a controlling stake, are subsequently disposed of or diluted such that the Group's holding is no longer deemed a controlling stake, the investment will subsequently be classified as financial assets measured at FVTPL in accordance with IFRS 9. Subsequent movements will be recognised in accordance with the Group's accounting policy for the newly adopted classification.

Financial assets at FVTPL

Financial assets at FVTPL include certain readily realisable interests in seeded funds, non-current financial assets measured at fair value and derivatives. From the date the financial asset is recognised, all subsequent changes in fair value, foreign exchange differences, interest and dividends are reflected in the consolidated statement of comprehensive income and presented in finance income or expense.

(i) Non-current financial assets measured at fair value

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

(ii) Financial assets measured at fair value

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

(iii) Derivatives

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

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

Financial assets measured at amortised cost

(i) Trade and other receivables

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

(ii) Cash and cash equivalents

Cash represents cash at bank and in hand, and cash equivalents comprise short-term deposits and investments in money market instruments that are redeemable on demand or with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value.

Financial liabilities

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

Non-current financial liabilities held for sale

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

Financial liabilities at FVTPL

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

Financial liabilities at amortised cost

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

Fair value of financial instruments

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

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

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

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

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

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

Hedge accounting

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

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

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

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

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

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

Derecognition of financial assets and liabilities

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

Impairment of financial assets

Under IFRS 9, impairment losses on the Group's financial assets at amortised cost are measured using an expected credit loss (ECL) model. Under this model, the Group is required to account for expected credit losses, and changes in those expected credit losses over the life of the instrument. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses. A three stage model is used for calculating expected credit losses, which requires financial assets to be assessed as:

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

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

4) Significant accounting policies continued

Assets measured at amortised cost

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

The Group's trade receivables comprise balances due from management fees, performance fees, expense recoveries from funds managed, and are generally short term and do not contain financing components. Factors considered in determining whether a default has taken place include how many days past the due date a payment is, deterioration in the credit quality of a counterparty, and knowledge of specific events that could influence a counterparty's ability to pay. The Group assesses lifetime expected credit losses based on historical observed default rates, adjusted by forward-looking estimates regarding the economic conditions within the next year. Externally derived credit ratings have been identified as representing the best available determinant of counterparty credit risk for cash balances and credit risk is deemed to have increased significantly if the credit rating has significantly deteriorated at the reporting date relative to the credit rating at the date of initial recognition.

Impairment of non-financial assets

For all other assets other than goodwill, an impairment test is performed annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Goodwill

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

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

An impairment loss in respect of goodwill cannot be reversed.

Net revenue

Net revenue is total revenue less distribution costs and including foreign exchange. The Group's total revenue includes management fees, performance fees and other revenue. The primary revenue source for the Group is fee income received or receivable for the provision of investment management services.

The Group recognises revenue in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The core principle of IFRS 15 is that revenue is recognised to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The Group applies the IFRS 15 five-step model for recognising revenue, which consists of identifying the contract with the customer; identifying the relevant performance obligations; determining the amount of consideration to be received under the contract; allocating the consideration to each performance obligation; and earning the revenue as the performance obligations are satisfied.

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

Management fees

Management fees are presented net of rebates, and are calculated as a percentage of net fund assets managed in accordance with individual management agreements. Management fees are calculated and recognised on a monthly basis in accordance with the terms of the management fee agreements. Management fees are typically collected on monthly or quarterly basis.

Performance fees

Performance fees are presented net of rebates, and are calculated as a percentage of the appreciation in the net asset value of a fund above a defined hurdle. Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods, typically over one year. The fees are recognised when they can be reliably estimated and/or crystallised, and there is deemed to be a low probability of a significant reversal in future periods. This is usually at the end of the performance period or upon early redemption by a fund investor. Once crystallised, performance fees typically cannot be clawed-back.

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

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

Distribution costs
Distribution costs are costs of sales payable to external intermediaries for marketing and investor servicing. Distribution costs vary based on fund assets managed and the associated management fee revenue, and are expensed over the period in which the service is provided.

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

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

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

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

Leases
The Group's lease arrangements primarily consist of operating leases relating to office space.

IFRS 16 replaced IAS 17 Leases on 1 January 2019. Until 30 June 2019, in accordance with IAS 17, obligations under lease agreements were not recorded on the Group's consolidated statement of financial position but were disclosed as lease commitments. The Group has not restated comparative information.

The Group initially records a lease liability reflecting the present value of the future contractual cash flows to be made over the lease term, discounted using the rate implicit in the lease, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment with similar terms, security and conditions. Where this rate is not readily available, the Group applies the incremental borrowing rate applicable for each lease arrangement. A ROU asset is also recorded at the value of the lease liability plus any directly related costs and estimated dilapidation expenses and is presented within property, plant and equipment (see note 16). Interest is accrued on the lease liability using the effective interest rate method to give a constant rate of return over the life of the lease whilst the balance is reduced as lease payments are made. The ROU asset is depreciated over the life of the lease as the benefit of the lease is consumed.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects the likelihood that it will exercise (or not exercise) a term extension option.

The cost of short-term (less than 12 months) leases is expensed on a straight-line basis over the lease term.

Finance income and expense
Finance income includes interest receivable on the Group's cash and cash equivalents, and both realised and unrealised gains on financial assets at FVTPL.

Finance expense includes both realised and unrealised losses on financial assets at FVTPL. Interest expense on lease liabilities is presented within finance expense.

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.

4) Significant accounting policies continued

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.

Segmental information

Key management information, including revenues, margins, investment performance, distribution costs and AuM flows, which is relevant to the operation of the Group, is reported to and reviewed by the Board on the basis of the investment management business as a whole. Hence, the Group's management considers that the Group's services and its operations are not run on a discrete geographic basis and comprise one business segment (being provision of investment management services).

Company-only accounting policies

In addition to the above accounting policies, the following specifically relates to the Company:

Investment in subsidiaries

Investments by the Company in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

5) Segmental information

The Group's operations are reported to and reviewed by the Board on the basis of the investment management business as a whole, hence the Group is treated as a single segment. The key management information considered is adjusted EBITDA which is £222.5 million for the year as reconciled on page 28 (FY2018/19: adjusted EBITDA of £201.8 million was derived by adjusting operating profit by £4.8 million of depreciation and amortisation expense, £1.0 million of income related to seed capital and £4.8 million of foreign exchange gains). The disclosures below are supplementary, and provide the location of the Group's non-current assets at year end other than financial assets and deferred tax assets. Disclosures relating to revenue by location are in note 6.

Analysis of non-current assets by geography

	2020 £m	2019 £m
United Kingdom and Ireland	**26.4**	20.6
United States	**72.4**	69.3
Other	**3.9**	1.5
Total non-current assets	**102.7**	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 (FY2018/19: 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

	2020 £m	2019 £m
United Kingdom and Ireland	**287.0**	265.1
United States	**24.3**	24.1
Other	**26.7**	27.1
Total revenue	**338.0**	316.3

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 2020**	Closing rate as at 30 June 2019	**Average rate year ended 30 June 2020**	Average rate year ended 30 June 2019
US dollar	**1.2356**	1.2727	**1.2637**	1.2958
Euro	**1.1001**	1.1176	**1.1331**	1.1345
Indonesian rupiah	**17,651**	17,980	**18,134**	18,660
Colombian peso	**4,620**	4,082	**4,468**	4,058

Foreign exchange gains and losses are shown below.

	2020 £m	2019 £m
Net realised and unrealised hedging gains	**1.5**	5.1
Translation gains on non-Sterling denominated monetary assets and liabilities	**5.5**	6.2
Total foreign exchange gains	**7.0**	11.3

8) Finance income

	2020 £m	2019 £m
Finance income		
Interest and investment income	**11.1**	13.2
Net realised gains on seed capital investments measured at fair value	**4.0**	2.4
Net unrealised gains/(losses) on seed capital investments measured at fair value	**(2.6)**	1.8
Interest expense on lease liabilities (note 16)	**(0.5)**	–
Total finance income	**12.0**	17.4

Included within interest and investment income are gains of £4.8 million (FY 2018/19: £5.5 million gains) from investment securities on consolidated funds (note 20d).

Included within net realised and unrealised gains on seed capital investments measured at fair value are £2.8 million gains (FY2018/19: £3.2 million gains) in relation to held for sale investments (note 20a), £0.8 million losses (FY2018/19: £0.3 million gains) on financial assets measured at FVTPL (note 20b) and £4.5 million losses (FY2018/19: £0.7 million gains) on non-current financial assets measured at fair value (note 20c).

9) Personnel expenses

Personnel expenses during the year comprised the following:

	2020 £m	2019 £m
Wages and salaries	**22.2**	21.2
Performance-related cash bonuses	**21.1**	26.4
Share-based payments	**33.9**	31.3
Social security costs	**1.9**	1.9
Pension costs	**1.9**	1.6
Other costs	**1.6**	1.8
Total personnel expenses	**82.6**	84.2

Number of employees

At 30 June 2020, the number of investment management employees of the Group (including Executive Directors) during the year was as follows:

	Average for the year ended 30 June 2020 Number	Average for the year ended 30 June 2019 Number	At 30 June 2020 Number	At 30 June 2019 Number
Total investment management employees	**292**	281	**291**	288

Directors' remuneration

Disclosures of Directors' remuneration during the year as required by the Companies Act 2006 are included in the Remuneration report on pages 75 to 109.

There are retirement benefits accruing to two Executive Directors under a defined contribution scheme (FY2018/19: 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	2020 £m	2019 £m
Omnibus Plan	**33.5**	31.3
Phantom Bonus Plan	**0.4**	–
Total share-based payments expense	**33.9**	31.3

The total expense recognised for the year in respect of equity-settled share-based payment awards was £28.9 million (FY2018/19: £27.3 million), of which £2.0m (FY2018/19: £1.9m) relates to share awards granted to key management personnel.

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 combined cash and equity-settled payments below represent the share-based payments relating to the Omnibus Plan.

Total expense by year awards were granted (excluding national insurance)

Group and Company Year of grant	**2020** **£m**	2019 £m
2014	**–**	2.0
2015	**3.3**	3.4
2016	**2.7**	2.7
2017	**3.7**	3.8
2018	**3.8**	3.8
2019	**4.8**	11.6
2020	**10.9**	–
Total Omnibus share-based payments expense reported in comprehensive income	**29.2**	27.3

Awards outstanding under the Omnibus Plan were as follows:

i) Equity-settled awards

Group and Company	**2020 Number of shares subject to awards**	**2020 Weighted average share price**	2019 Number of shares subject to awards	2019 Weighted average share price
Restricted share awards				
At the beginning of the year	**21,233,773**	**£3.04**	22,155,889	£3.14
Granted	**4,026,981**	**£4.39**	4,606,773	£3.33
Vested	**(3,063,448)**	**£3.16**	(4,828,408)	£3.69
Forfeited	**(123,968)**	**£3.04**	(700,481)	£3.44
Awards outstanding at year end	**22,073,338**	**£3.27**	21,233,773	£3.04
Bonus share awards				
At the beginning of the year	**9,705,156**	**£3.07**	9,151,992	£3.12
Granted	**2,060,811**	**£4.38**	2,435,432	£3.33
Vested	**(1,072,680)**	**£3.09**	(1,882,268)	£3.76
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**10,693,287**	**£3.32**	9,705,156	£3.07
Matching share awards				
At the beginning of the year	**9,730,005**	**£3.08**	9,162,119	£3.15
Granted	**2,092,986**	**£4.38**	2,450,926	£3.33
Vested	**(1,072,680)**	**£3.09**	(1,598,210)	£3.78
Forfeited	**–**	**–**	(284,830)	£3.60
Awards outstanding at year end	**10,750,311**	**£3.33**	9,730,005	£3.08
Total	**43,516,936**	**£3.30**	40,668,934	£3.06

10) Share-based payments continued

ii) Cash-settled awards

Group and Company	2020 Number of shares subject to awards	2020 Weighted average share price	2019 Number of shares subject to awards	2019 Weighted average share price
Restricted share awards				
At the beginning of the year	**119,514**	**£3.18**	143,542	£3.37
Granted	**31,345**	**£4.38**	22,920	£3.33
Vested	**(9,062)**	**£3.09**	(14,192)	£3.83
Forfeited	**(500)**	**£4.38**	(32,756)	£3.83
Awards outstanding at year end	**141,297**	**£3.45**	119,514	£3.18
Bonus share awards				
At the beginning of the year	**68,054**	**£3.21**	86,673	£3.44
Granted	**18,890**	**£4.38**	16,592	£3.33
Vested	**–**	**–**	(35,211)	£3.83
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**86,944**	**£3.47**	68,054	£3.21
Matching share awards				
At the beginning of the year	**68,054**	**£3.21**	86,673	£3.44
Granted	**18,890**	**£4.38**	16,592	£3.33
Vested	**–**	**–**	(10,644)	£3.83
Forfeited	**–**	**–**	(24,567)	£3.83
Awards outstanding at year end	**86,944**	**£3.47**	68,054	£3.21
Total	**315,185**	**£3.46**	255,622	£3.20

iii) Total awards

Group and Company	2020 Number of shares subject to awards	2020 Weighted average share price	2019 Number of shares subject to awards	2019 Weighted average share price
Restricted share awards				
At the beginning of the year	**21,353,287**	**£3.04**	22,299,431	£3.14
Granted	**4,058,326**	**£4.39**	4,629,693	£3.33
Vested	**(3,072,510)**	**£3.16**	(4,842,600)	£3.69
Forfeited	**(124,468)**	**£3.05**	(733,237)	£3.46
Awards outstanding at year end	**22,214,635**	**£3.27**	21,353,287	£3.04
Bonus share awards				
At the beginning of the year	**9,773,210**	**£3.07**	9,238,665	£3.12
Granted	**2,079,701**	**£4.38**	2,452,024	£3.33
Vested	**(1,072,680)**	**£3.09**	(1,917,479)	£3.76
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**10,780,231**	**£3.33**	9,773,210	£3.07
Matching share awards				
At the beginning of the year	**9,798,059**	**£3.08**	9,248,792	£3.15
Granted	**2,111,876**	**£4.38**	2,467,518	£3.33
Vested	**(1,072,680)**	**£3.09**	(1,608,854)	£3.78
Forfeited	**–**	**–**	(309,397)	£3.62
Awards outstanding at year end	**10,837,255**	**£3.33**	9,798,059	£3.08
Total	**43,832,121**	**£3.30**	40,924,556	£3.06

The weighted average fair value of awards granted to employees under the Omnibus Plan during the year was £4.38 (FY2018/19: £3.33), calculated as the average Ashmore Group plc closing share price for the five business days prior to grant. For Executive Directors, the fair value of awards also takes into account the performance conditions set out in the Remuneration report.

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

The liability arising from cash-settled awards under the Omnibus Plan at the end of the year and reported within trade and other payables on the Group consolidated balance sheet is £0.8 million (30 June 2019: £0.5 million) of which £nil (30 June 2019: £nil) relates to vested awards.

The Approved Company Share Option Plan (CSOP)

The CSOP was also introduced prior to the Company listing in October 2006 and is an option scheme providing for the grant of market value options to employees with the aggregate value of outstanding options not exceeding £30,000 per employee. The CSOP qualifies as a UK tax approved company share option plan and approval thereto has been obtained from HMRC. To date, there have been no awards made under the CSOP.

11) Other expenses

Other expenses consist of the following:

	2020 £m	2019 £m
Travel	**1.7**	2.7
Professional fees	**4.9**	5.6
Information technology and communications	**6.8**	6.1
Amortisation of intangible assets (note 15)	**0.2**	4.1
Operating leases	**0.1**	2.7
Depreciation of property, plant and equipment (note 16)	**3.2**	0.7
Premises-related costs	**1.2**	1.3
Insurance	**0.6**	0.6
Research costs	**0.5**	0.5
Auditor's remuneration (see below)	**0.6**	0.8
Consolidated funds (note 20d)	**2.2**	3.3
Other expenses	**4.6**	3.2
	26.6	31.6

Operating leases expense in the current year relates to short-term leases where the Group has applied the optional exemption contained within IFRS 16, which permits the cost of short-term (less than 12 months) leases to be expensed on a straight-line basis over the lease term.

Auditor's remuneration

	2020 £m	2019 £m
Fees for statutory audit services:		
– Fees payable to the Company's auditor for the audit of the Group's accounts	**0.2**	0.2
– Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	**0.3**	0.3
Fees for non-audit services:		
– Other non-audit services required by regulation	**0.1**	0.1
– Other assurance services	**–**	0.1
– Tax services	**–**	0.1
	0.6	0.8

12) Taxation

Analysis of tax charge for the year:

	2020 £m	2019 £m
Current tax		
UK corporation tax on profits for the year	**24.7**	36.3
Overseas corporation tax charge	**16.8**	8.2
Adjustments in respect of prior years	**(2.8)**	(2.7)
	38.7	41.8
Deferred tax		
Origination and reversal of temporary differences (see note 18)	**(1.2)**	(3.4)
Effect on deferred tax balance of changes in corporation tax rates (see note 18)	**(0.7)**	–
Tax expense	**36.8**	38.4

Factors affecting tax charge for the year

	2020 £m	2019 £m
Profit before tax	**221.5**	219.9
Profit on ordinary activities multiplied by the UK tax rate of 19% (FY2018/19: 19%)	**42.1**	41.8
Effects of:		
Non-deductible expenses	**0.5**	0.3
Deduction in respect of vested shares/exercised options (Part 12, Corporation Tax Act 2009)	**(1.2)**	(1.1)
Different rate of taxes on overseas profits	**(4.2)**	1.5
Non-taxable income	**(0.1)**	(0.3)
Derecognition/(recognition) of historical deferred tax assets	**2.9**	(0.8)
Other items	**0.3**	(0.3)
Adjustments in respect of prior years	**(3.5)**	(2.7)
Tax expense	**36.8**	38.4

The tax charge recognised in reserves within other comprehensive income is as follows:

	2020 £m	2019 £m
Current tax expense on foreign exchange gains	**–**	0.4
Tax credit recognised in reserves	**–**	0.4

The expected reduction in the UK tax rate to 17% from 1 April 2020 enacted by Finance Act 2016 was reversed in Finance Act 2020. The UK statutory tax rate remains 19% and hence, the measurement of the Group's UK deferred tax assets and liabilities has been updated to reflect the statutory tax rate of 19% as at 30 June 2020.

13) Earnings per share

Basic earnings per share at 30 June 2020 of 27.35 pence (30 June 2019: 26.57 pence) is calculated by dividing the profit after tax for the financial year attributable to equity holders of the parent of £182.1 million (FY2018/19: £178.6 million) by the weighted average number of ordinary shares in issue during the year, excluding own shares.

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

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

	2020 Number of ordinary shares	2019 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**666,019,404**	672,361,489
Effect of dilutive potential ordinary shares – share awards	**43,241,702**	41,007,535
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**709,261,106**	713,369,024

14) Dividends

Dividends paid in the year

Company	**2020 £m**	2019 £m
Final dividend for FY2018/19 – 12.10p (FY2017/18: 12.10p)	**86.0**	86.0
Interim dividend for FY2019/20 – 4.80p (FY2018/19: 4.55p)	**34.0**	32.3
	120.0	118.3

In addition, the Group paid £2.7 million (FY2018/19: £2.4 million) of dividends to non-controlling interests.

Dividends declared/proposed in respect of the year

Company	**2020 pence**	2019 pence
Interim dividend per share paid	**4.80**	4.55
Final dividend per share proposed	**12.10**	12.10
	16.90	16.65

On 10 September 2020, the Board proposed a final dividend of 12.10 pence per share for the year ended 30 June 2020. This has not been recognised as a liability of the Group at the year end as it has not yet been approved by shareholders. Based on the number of shares in issue at the year end that qualify to receive a dividend, the total amount payable would be £85.5 million.

Strategic report | Governance | Financial statements

15) Goodwill and intangible assets

Group	Goodwill £m	Fund management intangible assets £m	Total £m
Cost (at original exchange rate)			
At 30 June 2018	57.5	39.5	97.0
Acquisitions	12.9	0.9	13.8
Fully amortised	–	(39.5)	(39.5)
At 30 June 2020 and 2019	**70.4**	**0.9**	**71.3**
Accumulated amortisation and impairment			
At 30 June 2018	–	(39.9)	(39.9)
Amortisation charge for the year	–	(4.1)	(4.1)
Fully amortised	–	43.9	43.9
At 30 June 2019	–	(0.1)	(0.1)
Amortisation charge for the year	**–**	**(0.2)**	**(0.2)**
At 30 June 2020	**–**	**(0.3)**	**(0.3)**
Net book value			
At 30 June 2018	70.3	3.9	74.2
Acquisitions	12.9	0.9	13.8
Accumulated amortisation for the year	–	(4.1)	(4.1)
Foreign exchange revaluation through reserves*	3.3	0.1	3.4
At 30 June 2019	86.5	0.8	87.3
Accumulated amortisation for the year	**–**	**(0.2)**	**(0.2)**
Foreign exchange revaluation through reserves*	**2.6**	**–**	**2.6**
At 30 June 2020	**89.1**	**0.6**	**89.7**

* 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 2020 and 2019	**4.1**

15) Goodwill and intangible assets continued

Goodwill

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

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

An annual impairment review of goodwill was undertaken for the year ending 30 June 2020, and no factors indicating potential impairment of goodwill were noted. Goodwill is tested for impairment annually or whenever there is an indication that the carrying amount may not be recoverable based on management's judgements regarding the future prospects of the business, market capitalisation, macroeconomic and market considerations. The key assumption used to determine the recoverable amount is based on a fair value calculation using the Company's market share price.

Based on the calculation as at 30 June 2020 using a market share price of £4.17, the recoverable amount was in excess of the carrying value of goodwill and no impairment was implied. In addition, the sensitivity of the recoverable amount to a 10% change in the Company's market share price will not lead to any impairment. Therefore, no impairment loss has been recognised in the current or preceding years.

Fund management intangible assets

Intangible assets as at 30 June 2020 comprise fund management contracts and a contractually agreed share of carried interest recognised by the Group on the acquisition of Ashmore Avenida (Real Estate) Investments LLP in July 2018. An annual impairment review was undertaken for the year ending 30 June 2020 and no factors were identified suggesting that fund management contracts intangible assets were impaired. The impairment review compares the carrying value to the recoverable amount of the intangible asset, determined as the greater of fair value less costs to sell and the updated discounted valuation of the remaining net earnings. Any impairment is recognised immediately in the statement of comprehensive income but may be reversed if relevant conditions improve.

The discounted value is calculated from the cumulative pre-tax net earnings anticipated to be generated over the remaining economic life, discounted to present value using relevant pre-tax discount rates between 20% and 33% per annum. Cumulative net earnings associated with the fund management contracts were derived from the annual operating profit contribution that would arise from the managed fund assets. The recoverable amounts of the intangible assets were determined to be higher than the carrying values as at 30 June 2020. Accordingly, no impairment charge was recognised during the year.

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

16) Property, plant and equipment

The Group's property, plant and equipment include ROU assets recognised on the adoption of IFRS 16 Leases on 1 July 2019 (see note 3).

	Group £m	Company £m
Property, plant and equipment owned by the Group	1.8	1.1
Right-of-use assets	9.9	5.7
Net book value at 30 June 2020	**11.7**	**6.8**

The movement in property, plant and equipment is provided below:

Group	**2020 Premises, plant and equipment £m**	2019 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**7.7**	6.5
ROU assets recognised on adoption of IFRS 16 (note 3)	**12.6**	–
Additions	**1.0**	0.9
Disposals	**(0.3)**	–
Foreign exchange revaluation	**(0.2)**	0.3
At the end of the year	**20.8**	7.7
Accumulated depreciation		
At the beginning of the year	**6.2**	5.4
Disposals	**(0.3)**	–
Depreciation charge for the year	**3.2**	0.7
Foreign exchange revaluation	**–**	0.1
At the end of the year	**9.1**	6.2
Net book value at 30 June	**11.7**	1.5

Company	**2020 Premises, plant and equipment £m**	2019 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**4.2**	3.9
ROU asset recognised on adoption of IFRS 16 (note 3)	**6.9**	–
Additions	**0.9**	0.3
At the end of the year	**12.0**	4.2
Accumulated depreciation		
At the beginning of the year	**3.7**	3.4
Depreciation charge for year	**1.5**	0.3
At the end of the year	**5.2**	3.7
Net book value at 30 June	**6.8**	0.5

16) Property, plant and equipment continued

Lease arrangements

The Group leases office space in various countries and enters into operating lease agreements on office premises for lease periods of 12 months to 10 years. Lease terms are negotiated on an individual basis and contain varying terms and conditions depending on location. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.
From 1 July 2019, the Group recognises operating leases as ROU assets with corresponding liabilities in accordance with the requirements of IFRS 16 Leases. The Group calculated the lease liabilities using the lessee's incremental borrowing rates that resulted in a weighted average incremental borrowing rate of 4.8%.

The carrying value of ROU assets, lease liabilities and the movement during the year are set out below.

	Group		Company	
	ROU assets £m	**Lease liabilities £m**	**ROU asset £m**	**Lease liability £m**
At 1 July 2019 (adoption of IFRS 16, note 3)	12.6	12.8	6.9	6.9
Lease payments	–	(2.8)	–	(1.3)
Interest expense (note 8)	–	0.5	–	0.3
Depreciation charge	(2.5)	–	(1.2)	–
Foreign exchange revaluation through reserves	(0.2)	(0.3)	–	–
At 30 June 2020	**9.9**	**10.2**	**5.7**	**5.9**

The contractual maturities on the minimum lease payments under lease liabilities are provided below:

	Group		Company	
Maturity analysis – contractual undiscounted cash flows	**30 June 2020 £m**	30 June 2019 £m	**30 June 2020 £m**	30 June 2019 £m
Within 1 year	**2.6**	2.5	**1.3**	1.3
Between 1 and 5 years	**8.2**	8.7	**5.2**	5.2
Later than 5 years	**1.1**	2.6	**–**	1.0
Total undiscounted lease liabilities	**11.9**	13.8	**6.5**	7.5
Lease liabilities are presented in the balance sheet as follows:				
Current	**2.0**	–	**1.1**	–
Non-current	**8.2**	–	**4.8**	–
Total lease liabilities	**10.2**	–	**5.9**	–
Amounts recognised under financing activities in the cash flow statement:				
Payment of lease liabilities	**2.3**	–	**1.0**	–
Interest paid	**0.5**	–	**0.3**	–
Total cash outflow for leases	**2.8**	–	**1.3**	–

17) Trade and other receivables

	Group 2020 £m	Group 2019 £m	Company 2020 £m	Company 2019 £m
Current				
Trade debtors	**90.5**	73.9	**1.6**	3.7
Prepayments	**3.9**	4.1	**1.4**	1.3
Loans due from subsidiaries	**–**	–	**464.8**	471.9
Amounts due from subsidiaries	**–**	–	**50.3**	17.7
Other receivables	**1.8**	1.4	**0.1**	0.4
Total trade and other receivables	**96.2**	79.4	**518.2**	495.0

Group trade debtors include accrued management and performance fees in respect of investment management services provided up to 30 June 2020. Management fees are received in cash when the funds' net asset values are determined, typically every month or every quarter. Performance fees are accrued when crystallised, and amounted to £0.1 million as at 30 June 2020 (30 June 2019: £4.3 million). The majority of fees are deducted from the net asset values of the respective funds by independent administrators and therefore, the credit risk of fee receivables is minimal. As at 30 June 2020, no balances are past due and the assessed provision under the IFRS 9 expected credit loss model was immaterial (30 June 2019: no balances are past due and immaterial provision assessed under IFRS 9 expected credit loss model).

Loans due from subsidiaries for the Company include intercompany loans related to seed capital investments held by subsidiaries. Amounts due from subsidiaries represent trading balances that are short term in nature and regularly settled during the year. The majority of the intercompany loans are held with subsidiaries that hold seed capital investments and cash invested in daily-traded investment funds. Under the IFRS 9 expected credit loss model, credit risk is assessed by determining the borrower's capacity to meet contractual cash flow obligations, taking into account the available net assets to repay the intercompany loan in future periods. As at 30 June 2020, no balances are past due and the assessed provision for expected credit losses was immaterial (30 June 2019: no balances are past due and immaterial provision assessed under IFRS 9 expected credit loss model).

18) Deferred taxation

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

Group	2020 Other temporary differences £m	2020 Share-based payments £m	2020 Total £m	2019 Other temporary differences £m	2019 Share-based payments £m	2019 Total £m
Deferred tax assets	**7.7**	**22.9**	**30.6**	12.0	18.2	30.2
Deferred tax liabilities	**(6.9)**	**–**	**(6.9)**	(8.4)	–	(8.4)
	0.8	**22.9**	**23.7**	3.6	18.2	21.8

Company	2020 Other temporary differences £m	2020 Share-based payments £m	2020 Total £m	2019 Other temporary differences £m	2019 Share-based payments £m	2019 Total £m
Deferred tax assets	**0.1**	**20.5**	**20.6**	0.3	16.3	16.6

18) Deferred taxation continued

Movement of deferred tax balances

The movement in the deferred tax balances between the balance sheet dates has been reflected in the statement of comprehensive income as follows:

Group	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2018	3.7	14.8	18.5
Credited/(charged) to the consolidated statement of comprehensive income	(0.1)	3.4	3.3
At 30 June 2019	3.6	18.2	21.8
Credited/(charged) to the consolidated statement of comprehensive income	**(2.8)**	**4.7**	**1.9**
At 30 June 2020	**0.8**	**22.9**	**23.7**

Company	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2018	0.2	12.8	13.0
Credited/(charged) to the statement of comprehensive income	0.1	3.5	3.6
At 30 June 2019	0.3	16.3	16.6
Credited/(charged) to the statement of comprehensive income	**(0.2)**	**4.2**	**4.0**
At 30 June 2020	**0.1**	**20.5**	**20.6**

Refer to note 12 for details on changes to the UK corporation tax rate which have been reflected in the Group's deferred tax position.

19) Fair value of financial instruments

The Group has an established control framework with respect to the measurement of fair values. This framework includes committees that have overall responsibility for all significant fair value measurements. Each committee regularly reviews significant inputs and valuation adjustments. If third-party information is used to measure fair value, the committee assesses and documents the evidence obtained from the third parties to support such valuations. There are no material differences between the carrying amounts of financial assets and liabilities and their fair values at the balance sheet date.

Fair value hierarchy

The Group measures fair values using the following fair value levels that reflect the significance of inputs used in making the measurements, based on the degree to which the fair value is observable:

- Level 1: Valuation is based upon a quoted market price in an active market for an identical instrument. This fair value measure relates to the valuation of quoted and exchange traded equity and debt securities.
- Level 2: Valuation techniques are based upon observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This fair value measure relates to the valuation of quoted equity securities in inactive markets or in interests in unlisted funds whose net asset values are referenced to the fair values of the listed or exchange traded securities held by those funds. Valuation techniques may include using a broker quote in an inactive market or an evaluated price based on a compilation of primarily observable market information utilising information readily available via external sources.
- Level 3: Fair value measurements are derived from valuation techniques that include inputs not based on observable market data.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the financial year.

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

	2020				2019			
	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	**125.1**	**60.6**	**48.8**	**234.5**	170.4	35.8	72.5	278.7
Non-current assets held for sale	**–**	**43.1**	**–**	**43.1**	–	44.7	–	44.7
Financial assets measured at FVTPL	**–**	**10.9**	**0.7**	**11.6**	–	14.4	1.6	16.0
Non-current financial assets at fair value	**–**	**0.1**	**27.9**	**28.0**	–	–	31.6	31.6
	125.1	**114.7**	**77.4**	**317.2**	170.4	94.9	105.7	371.0
Financial liabilities								
Third-party interests in consolidated funds	**65.1**	**10.6**	**10.4**	**86.1**	70.6	12.6	23.8	107.0
Non-current liabilities held for sale	**–**	**4.5**	**–**	**4.5**	–	–	–	–
Derivative financial instruments	**–**	**1.7**	**–**	**1.7**	–	1.1	–	1.1
	65.1	**16.8**	**10.4**	**92.3**	70.6	13.7	23.8	108.1

Transfers between levels

The Group recognises transfers into and transfers out of fair value hierarchy levels at each reporting period based on assessments of price inputs used in the valuation of financial assets. There were no transfers between level 1, level 2 and level 3 of the fair value hierarchy during the year.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 30 June 2020 and 2019:

	Investment securities £m	Financial assets measured at FVTPL £m	Non-current financial assets at fair value £m	Third-party interests in consolidated funds £m
At 30 June 2018	69.7	–	23.9	32.7
Reclassification on adoption of IFRS 9	–	5.6	–	–
Additions	20.2	–	9.3	5.9
Disposals	(6.6)	(2.2)	(0.8)	(3.9)
Transfers to level 1	(16.5)	–	–	(8.3)
Unrealised gains/(losses) recognised in finance income	1.3	(1.8)	(0.9)	(2.6)
Unrealised gains recognised in reserves	4.4	–	0.1	–
At 30 June 2019	72.5	1.6	31.6	23.8
Additions	**11.7**	**–**	**3.7**	**3.9**
Disposals	**(26.7)**	**(0.1)**	**(2.6)**	**(9.8)**
Unrealised losses recognised in finance income	**(6.1)**	**(0.8)**	**(4.7)**	**(7.5)**
Unrealised losses recognised in reserves	**(2.6)**	**–**	**(0.1)**	**–**
At 30 June 2020	**48.8**	**0.7**	**27.9**	**10.4**

Strategic report
Governance
Financial statements

19) Fair value of financial instruments continued

Valuation of level 3 financial assets recognised at fair value on a recurring basis using valuation techniques

Investments valued using valuation techniques include financial investments which, by their nature, do not have an externally quoted price based on regular trades, and financial investments for which markets are no longer active as a result of market conditions, e.g. market illiquidity. The valuation techniques used include comparison to recent arm's length transactions, market approach making reference to other instruments that are substantially the same, discounted cash flow analysis, enterprise valuation and net assets approach. These techniques may include a number of assumptions relating to variables such as interest rate and price earnings multiples. Changes in assumptions relating to these variables could positively or negatively impact the reported fair value of these instruments. When determining the inputs into the valuation techniques used, priority is given to publicly available prices from independent sources when available, but overall the source of pricing is chosen with the objective of arriving at a fair value measurement that reflects the price at which an orderly transaction would take place between market participants on the measurement date.

The fair value estimates are made at a specific point in time, based upon available market information and judgements about the financial instruments, including estimates of the timing and amount of expected future cash flows. Such estimates could include a marketability adjustment to reflect illiquidity and/or non-transferability that could result from offering for sale at one time the Group's entire holdings of a particular financial instrument. The estimates of fair value reflect the impact of the COVID-19 pandemic up to the end of the reporting period. Further details on the estimates and judgements applied by the Group are provided in note 31.

The following tables show the valuation techniques and the significant unobservable inputs used to estimate the fair value of level 3 investments as at 30 June 2020 and 2019, and the associated sensitivity to changes in unobservable inputs to a reasonable alternative.

Asset class and valuation technique	2020 Fair value £m	Significant unobservable inputs	Range of estimates	Sensitivity factor	Change in fair value £m
Unquoted securities					
Market multiple and discount	**14.0**	EBITDA multiple	10x-20x	+/- 1x	+/- 1.4
		Marketability adjustment	10%-30%	+/- 5%	-/+ 0.9
Market multiple, discounted cash flows and discount	**34.6**	Market multiple	5x-10x	+/- 1x	+/- 2.4
		Marketability adjustment	10%-30%	+/- 5%	-/+ 4.4
		Discount rate	10%-20%	+/- 5%	-/+ 4.0
Unquoted funds					
Net assets approach	**28.8**	NAV	1x	+/- 5%	+/- 1.4
Total level 3 investments	**77.4**				

Asset class and valuation technique	2019 Fair value £m	Significant unobservable inputs	Range of estimates	Sensitivity factor	Change in fair value £m
Unquoted securities					
Market multiple and discount, recent transaction	**42.6**	EBITDA multiple	10x-20x	+/- 1x	+/- 2.1
		Marketability adjustment	10%-30%	+/- 5%	-/+ 1.4
Market multiple, discounted cash flows and discount	**26.2**	Market multiple	5x-10x	+/- 1x	+/- 1.8
		Marketability adjustment	10%-30%	+/- 5%	-/+ 3.2
		Discount rate	10%-20%	+/- 5%	-/+ 3.6
Adjusted value, broker quotes	**3.1**	Marketability adjustment	20%-35%	+/- 5%	-/+ 0.2
Unquoted funds					
Net assets approach	**33.8**	NAV	1x	+/- 5%	+/- 1.7
Total level 3 investments	**105.7**				

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

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 2020 and 2019.

20) Seed capital investments

The Group considers itself a sponsor of an investment fund when it facilitates the establishment of a fund in which the Group is the investment manager. The Group ordinarily provides seed capital in order to provide initial scale and facilitate marketing of the funds to third-party investors. Aggregate interests held by the Group include seed capital, management fees and performance fees. The Group generates management and performance fee income from managing the assets on behalf of third-party investors.

The movements of seed capital investments and related items during the year are as follows:

Group	Held for sale investments £m	Available-for-sale investments £m	Financial assets measured at fair value £m	Investment securities (relating to consolidated funds)* £m	Other (relating to consolidated funds)** £m	Third-party interests in consolidated funds*** £m	Non-current financial assets measured at fair value £m	Total £m
Carrying amount at 30 June 2018	6.8	5.6	23.5	219.1	5.5	(76.1)	43.9	228.3
Reclassification:								
Adoption of IFRS 9	–	(5.6)	5.6	–	–	–	–	–
HFS investments to consolidated funds	(10.9)	–	–	11.6	–	(0.7)	–	–
FVTPL to consolidated funds	–	–	(9.8)	35.4	–	(25.6)	–	–
Consolidated funds to FVTPL	–	–	1.2	(2.0)	–	0.8	–	–
Net purchases, disposals and fair value changes	48.8	–	(4.5)	14.6	8.3	(5.4)	(12.3)	49.5
Carrying amount at 30 June 2019	44.7	–	16.0	278.7	13.8	(107.0)	31.6	277.8
Reclassification:								
HFS investments to consolidated funds	**(35.7)**	**–**	**–**	**44.2**	**–**	**(8.5)**	**–**	**–**
Consolidated funds to FVTPL	**–**	**–**	**41.4**	**(77.1)**	**–**	**35.7**	**–**	**–**
Net purchases, disposals and fair value changes	**29.6**		**(45.8)**	**(11.3)**	**(2.0)**	**(6.3)**	**(3.6)**	**(39.4)**
Carrying amount at 30 June 2020	**38.6**	**–**	**11.6**	**234.5**	**11.8**	**(86.1)**	**28.0**	**238.4**

* Investment securities in consolidated funds are measured at FVTPL.

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

*** Included in net purchases, disposals and fair value changes are third-party subscriptions of £50.0 million, redemptions and distributions of £31.5 million, fair value movements of £7.5 million and other non-cash movements in relation to consolidated funds (FY 2018/19: third-party subscriptions of £2.7 million, redemptions of £10.3 million and fair value movements of £3.8 million and other non-cash movements in relation to consolidated funds).

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, six funds (FY2018/19: four) 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 2020 were as follows:

	2020 £m	2019 £m
Non-current financial assets held for sale	**43.1**	44.7
Non-current financial liabilities held for sale	**(4.5)**	–
Non-current assets held for sale	**38.6**	44.7

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 at FVTPL. No such fund was transferred to the FVTPL category during the year (FY2018/19: 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, three such funds (FY2018/19: two) with an aggregate carrying amount of £35.7 million (FY2018/19: £10.9 million) were transferred from held for sale to consolidated funds category. There was no impact on net assets or comprehensive income as a result of the transfer.

Included within finance income are gains of £2.8 million (FY2018/19: gains of £3.2 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) Financial assets measured at fair value through profit or loss

FVTPL investments at 30 June 2020 comprise shares held in debt and equity funds as follows:

	2020 £m	2019 £m
Equity funds	**3.2**	4.8
Debt funds	**8.4**	11.2
Financial assets measured at fair value	**11.6**	16.0

Included within finance income are losses of £0.8 million (FY2018/19: gains of £0.3 million) on the Group's financial assets measured at FVTPL.

c) Non-current financial assets measured at fair value

Non-current asset investments relate to the Group's holding in closed-end funds and are measured at 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.

	2020 £m	2019 £m
Real estate funds	**3.5**	4.9
Infrastructure funds	**17.5**	17.8
Other funds	**7.0**	8.9
Non-current financial assets measured at fair value	**28.0**	31.6

Included within finance income are losses of £4.5 million (FY2018/19: gains of £0.7 million) on the Group's non-current asset investments.

Strategic report

Governance

Financial statements

d) Consolidated funds

The Group has consolidated 12 investment funds as at 30 June 2020 (30 June 2019: 13 investment funds), over which the Group is deemed to have control (refer to note 25). 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.

	2020 £m	2019 £m
Investment securities*	**234.5**	278.7
Cash and cash equivalents	**10.8**	14.1
Other**	**1.0**	(0.3)
Third-party interests in consolidated funds	**(86.1)**	(107.0)
Consolidated seed capital investments	**160.2**	185.5

* Investment securities represent trading securities held by consolidated investment funds and are measured at FVTPL. Note 25 provides a list of the consolidated funds by asset class, and further detailed information at the security level is available in the individual fund financial statements.

** Other includes trade receivables, trade payables and accruals.

The maximum exposure to loss is the carrying amount of the assets held. The Group has not provided financial support or otherwise agreed to be responsible for supporting any consolidated or unconsolidated funds financially.

Included within the consolidated statement of comprehensive income are net losses of £9.0 million (FY2018/19: £6.5 million gains) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds, as follows:

	2020 £m	2019 £m
Interest and dividend income	**4.8**	5.5
Gains/(losses) on investment securities	**(19.1)**	0.5
Change in third-party interests in consolidated funds	**7.5**	3.8
Other expenses	**(2.2)**	(3.3)
Net gains/(losses) on consolidated funds	**(9.0)**	6.5

Included in the Group's cash generated from operations is £3.0 million cash utilised in operations (FY2018/19: £3.1 million cash utilised in operations) relating to consolidated funds.

As of 30 June 2020, the Group's consolidated funds were domiciled in Guernsey, Indonesia, Luxembourg, Saudi Arabia and the United States.

21) Financial instrument risk management

Group

The Group is subject to strategic and business, client, investment, treasury and operational risks throughout its business as discussed in the Risk management section. This note discusses the Group's exposure to and management of the following principal risks which arise from the financial instruments it uses: credit risk, liquidity risk, interest rate risk, foreign exchange risk and price risk. Where the Group holds units in investment funds, classified either as held for sale, FVTPL or non-current financial assets, the related financial instrument risk disclosures in the note below categorise exposures based on the Group's direct interest in those funds without looking through to the nature of underlying securities.

Risk management is the ultimate responsibility of the Board, as noted in the Risk management section on pages 35 to 41.

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 £555.2 million as at 30 June 2020 (30 June 2019: excess capital of £557.6 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	**2020 £m**	2019 £m
Investment securities	19	**234.5**	278.7
Non-current financial assets held for sale	19	**43.1**	44.7
Financial assets measured at fair value	19	**11.6**	16.0
Trade and other receivables	17	**96.2**	79.4
Cash and cash equivalents		**500.9**	477.2
Total		**886.3**	896.0

Ashmore recognises investment securities by virtue of including consolidated funds on its balance sheet on a line-by-line basis. The risk management policies and procedures for the consolidated funds are the responsibility of the governing bodies of the funds. The associated exposures on credit risk, market risk and foreign exchange risk on the investment securities are monitored by the Group's Risk Management and Control function.

In addition, non-current financial assets held for sale and financial assets measured at fair value through profit or loss expose the Group to credit risk from various counterparties, which is monitored and reviewed by the Group.

The Group's cash and cash equivalents, comprising short-term deposits with banks and liquidity funds, are predominantly held with counterparties with credit ratings ranging from A to AAA- as at 30 June 2020 (30 June 2019: A+ to AAA). As at 30 June 2020, the Group held £368.0m (2019: £243.3m) in the Ashmore Global Liquidity Fund.

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2019: 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 2020

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Third-party interests in consolidated funds	**86.1**	**–**	**–**	**86.1**
Derivative financial instruments	**1.7**	**–**	**–**	**1.7**
Current trade and other payables	**50.7**	**–**	**–**	**50.7**
Non-current financial liabilities held for sale	**4.5**	**–**	**–**	**4.5**
	143.0	**–**	**–**	**143.0**

At 30 June 2019

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Third-party interests in consolidated funds	83.2	23.8	–	107.0
Derivative financial instruments	1.1	–	–	1.1
Current trade and other payables	56.1	–	–	56.1
	140.4	23.8	–	164.2

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The principal interest rate risk is the risk that the Group will sustain a reduction in interest income through adverse movements in interest rates. This relates to deposits with banks and liquidity funds held in the ordinary course of business. The Group has a cash management policy which monitors cash levels and returns within set parameters on a continuing basis.

Bank and similar deposits held at year end are shown on the consolidated balance sheet as cash and cash equivalents. The effective interest earned on bank and similar deposits during the year is given in the table below:

Effective interest rates applicable to bank deposits

	2020 %	2019 %
Deposits with banks and liquidity funds	**1.31**	1.69

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2020, 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 £2.4 million higher/lower (FY2018/19: £2.3 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% exchange movement in the US dollar, Colombian peso, Indonesian rupiah and the Euro, net of hedging activities.

	2020		2019	
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%	**1.3**	**5.3**	0.8	4.4
Colombian peso +/- 1%	**0.1**	**0.1**	0.1	0.1
Indonesian rupiah +/- 1%	**–**	**0.1**	–	–
Euro +/- 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 financial assets measured at fair value or indirectly either through line-by-line consolidation of underlying financial performance and positions held in certain funds or potential impairments when fair values less costs to sell of seed investments held for sale are less than carrying amounts. Details of seed capital investments held are given in note 20.

The Group has well-defined procedures governing the appraisal, approval and monitoring of seed capital investments.

At 30 June 2020, a 5% movement in the fair value of these investments would have a £11.9 million (FY2018/19: £13.9 million) impact on net assets and profit before tax.

Management and performance fees

The Group is also indirectly exposed to price risk in connection with the Group's management fees, which are based on a percentage of value of AuM, and fees based on performance. Movements in market prices, exchange and interest rates could cause the AuM to fluctuate, which in turn could affect fees earned. Performance fee revenues could also be reduced depending upon market conditions.

Management and performance fees are diversified across a range of investment themes and are not measurably correlated to any single market index in Emerging Markets. In addition, the policy of having funds with year ends staged throughout the financial year has meant that in periods of steep market decline, some performance fees have still been recorded. The profitability impact is likely to be less than this, as cost mitigation actions would apply, including the reduction of the variable compensation paid to employees.

Using the year end AuM level of US$83.6 billion and applying the year's average net management fee rate of 45bps, a 5% movement in AuM would have a US$18.7 million impact, equivalent to £15.2 million using year end exchange rate of 1.2356, on management fee revenues (FY2018/19: using year end AuM level of US$91.8 billion and applying the year's average net management fee rate of 48bps, a 5% movement in AuM would have a US$21.8 million impact, equivalent to £17.1 million using year end exchange rate of 1.2727, on management fee revenues).

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 2020, protect a proportion of the Group's revenue cash flows from foreign exchange movements. The cumulative fair value of the outstanding foreign exchange hedges liability at 30 June 2020 was £1.7 million (30 June 2019: £0.7 million foreign exchange hedges liability) and is included within the Group's derivative financial instrument liabilities.

The notional and fair values of foreign exchange hedging instruments were as follows:

	2020		2019	
	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	**120.0**	**(1.7)**	160.0	(0.7)
	120.0	**(1.7)**	160.0	(0.7)

The maturity profile of the Group's outstanding hedges is shown below.

Notional amount of option collars maturing:	**2020 £m**	2019 £m
Within 6 months	**60.0**	60.0
Between 6 and 12 months	**50.0**	60.0
Later than 12 months	**10.0**	40.0
	120.0	160.0

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.

An intrinsic loss of £0.1 million (FY2018/19: £nil) on the Group's hedges has been recognised through other comprehensive income and £0.1 million intrinsic value gain (FY2018/19: £0.9 million intrinsic value gain) was reclassified from equity to the statement of comprehensive income in the year.

Included within the net realised and unrealised hedging gain of £1.5 million (note 7) recognised at 30 June 2020 (£5.1 million gain at 30 June 2019) are:

- a £0.9 million loss in respect of foreign exchange hedges covering net management fee income for the financial year ending 30 June 2020 (FY2018/19: £0.3 million gain in respect of foreign exchange hedges covering net management fee income for the financial year ended 30 June 2019); and
- a £2.4 million gain in respect of crystallised foreign exchange contracts (FY2018/19: £4.8 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:

	2020 £m	2019 £m
Cash and cash equivalents	**91.8**	150.3
Trade and other receivables	**518.2**	495.0
Total	**610.0**	645.3

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 2020 (30 June 2019: A+ to AAA).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2019: none).

Liquidity risk

The contractual undiscounted cash flows relating to the Company's financial liabilities all fall due within one year.

Details on other commitments are provided in note 29.

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

	2020 %	2019 %
Deposits with banks and liquidity funds	**0.66**	0.84

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2020, if interest rates over the year had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been £0.6 million higher/lower (FY2018/19: £0.8 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 2020, if the US dollar had strengthened/weakened by 1% against Sterling with all other variables held constant, profit before tax for the year would have increased/decreased by £4.8 million (FY2018/19: increased/decreased by £4.9 million).

22) Share capital

Authorised share capital

Group and Company	**2020 Number of shares**	**2020 Nominal value £'000**	2019 Number of shares	2019 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	**2020 Number of shares**	**2020 Nominal value £'000**	2019 Number of shares	2019 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 2020, there were equity-settled share awards issued under the Omnibus Plan totalling 43,516,936 (30 June 2019: 40,668,934) shares that have release dates ranging from September 2020 to September 2024. Further details are provided in note 10.

23) Own shares

The Trustees of The Ashmore 2004 Employee Benefit Trust (EBT) acquire and hold shares in Ashmore Group plc with a view to facilitating the vesting of share awards. As at 30 June 2020, the EBT owned 56,477,466 (30 June 2019: 40,355,103) ordinary shares of 0.01p with a nominal value of £5,648 (30 June 2019: £4,036) and shareholders' funds are reduced by £192.7 million (30 June 2019: £119.1 million) in this respect. The EBT is periodically funded by the Company for these purposes.

24) Trade and other payables

	Group 2020 £m	Group 2019 £m	**Company 2020 £m**	Company 2019 £m
Current				
Trade payables	**20.1**	22.1	**2.5**	1.6
Accruals and provisions	**30.6**	34.0	**20.4**	29.3
Amounts due to subsidiaries	**–**	–	**32.5**	7.3
Total trade and other payables	**50.7**	56.1	**55.4**	38.2

25) Interests in subsidiaries

Operating subsidiaries held by the Company

There were no movements in investments in subsidiaries held by the Company during the year.

Company	**2020 £m**	2019 £m
Cost		
At 30 June 2020 and 2019	**19.9**	19.9

In the opinion of the Directors, the following subsidiary undertakings principally affected the Group's results or financial position at 30 June 2020. A full list of the Group's subsidiaries and all related undertakings is disclosed in note 33.

Name	Country of incorporation/ formation and principal place of operation	**% of equity shares held by the Group**
Ashmore Investments (UK) Limited	England	**100.00**
Ashmore Investment Management Limited	England	**100.00**
Ashmore Investment Advisors Limited	England	**100.00**
Ashmore Management Company Colombia SAS	Colombia	**61.38**
Ashmore CAF-AM Management Company SAS	Colombia	**53.66**
Ashmore Avenida (Real Estate) Investments LLP	Colombia	**56.00**
Ashmore Management Company Limited	Guernsey	**100.00**
PT Ashmore Asset Management Indonesia Tbk	Indonesia	**60.04**
Ashmore Investment Management (Ireland) Limited	Ireland	**100.00**
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	**100.00**
Ashmore Investment Management (Singapore) Pte. Ltd.	Singapore	**100.00**
Ashmore Investment Management (US) Corporation	USA	**100.00**
Ashmore Investment Advisors (US) Corporation	USA	**100.00**

25) Interests in subsidiaries continued

Consolidated funds

The Group consolidated the following 12 investment funds as at 30 June 2020 over which the Group is deemed to have control:

Name	Type of fund	Country of incorporation/ principal place of operation	**% of net asset value held by the Group**
Ashmore Special Opportunities Fund LP	Alternatives	Guernsey	**50.00**
Ashmore Emerging Markets Debt and Currency Fund Limited	Blended debt	Guernsey	**89.60**
Ashmore SICAV Emerging Markets China Bond Fund	Local currency	Luxembourg	**100.00**
Ashmore SICAV Emerging Markets Equity Fund	Equity	Luxembourg	**48.86**
Ashmore SICAV Emerging Markets IG Total Return Fund	Blended debt	Luxembourg	**80.10**
Ashmore SICAV Emerging Markets Indonesian Equity Fund	Equity	Luxembourg	**100.00**
Ashmore SICAV Emerging Markets Multi-Asset Fund	Multi-asset	Luxembourg	**54.58**
Ashmore SICAV Emerging Markets Total Return ESG Fund	Blended debt	Luxembourg	**100.00**
Ashmore SICAV Emerging Markets Global Small-Cap Equity Fund	Equity	Luxembourg	**45.47**
Ashmore SICAV Emerging Markets Volatility-Managed Local Currency Bond Fund	Local currency	Luxembourg	**100.00**
Ashmore Saudi Equity Fund	Equity	Saudi Arabia	**100.00**
Ashmore Emerging Markets Equity Fund	Equity	USA	**42.20**

26) Interests in associates and joint ventures

The Group held interests in the following associates as at 30 June 2020 that are unlisted:

Name	Type	Nature of business	Country of incorporation/ formation and principal place of operation	% of equity shares held by the Group
Ashmore Investment Management India LLP	Associate	Investment management	India	30.00%
Taiping Fund Management Company	Associate	Investment management	China	8.50%

During the year, the Group disposed of its associate and joint interests in Everbright Ashmore, VTB-Ashmore Capital Holdings Limited and Mesa Capital Advisors LLC for total proceeds of £1.2 million and has recognised a gain on disposal of £0.1 million. The movement in the carrying value of investments in associates and joint ventures for the year is provided below:

Associates and joint ventures	**2020 £m**	2019 £m
At the beginning of the year	**1.8**	1.7
Additions/(disposals)	**(1.1)**	0.4
Share of loss	**(0.2)**	(0.3)
Foreign exchange revaluation	**0.1**	–
At the end of the year	**0.6**	1.8

The summarised aggregate financial information is shown below.

Associates and joint ventures	**2020 £m**	2019 £m
Total assets	**24.1**	23.7
Total liabilities	**(17.9)**	(9.1)
Net assets	**6.2**	14.6
Group’s share of net assets	**0.6**	2.1
Revenue for the year	**8.9**	9.2
Loss for the year	**(2.3)**	(1.3)
Group’s share of loss for the year	**(0.2)**	(0.3)

The carrying value of the investments in associates represents the cost of acquisition subsequently adjusted for share of profit or loss and other comprehensive income or loss. No permanent impairment is believed to exist relating to the associates as at 30 June 2020. The Group had no undrawn capital commitments (30 June 2019: £nil) to investment funds managed by the associates.

Strategic report
Governance
Financial statements

27) 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 2019	91.8	0.4	91.4
30 June 2020	**83.6**	**0.3**	**83.3**

Included in the Group's consolidated management fees of £330.0 million (FY2018/19: £307.6 million) are management fees amounting to £328.3 million (FY2018/19: £305.1 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.

	2020 £m	2019 £m
Management fees receivable	**55.7**	46.4
Trade and other receivables	**26.6**	1.7
Seed capital investments*	**78.2**	92.3
Total exposure	**160.5**	140.4

* Comprise held for sale investments, financial assets measured at fair value and non-current financial assets measured at fair value (refer to note 20).

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) Related party transactions

Related parties of the Group include key management personnel, close family members of key management personnel, subsidiaries, associates, joint ventures, Ashmore funds, the EBT and the Ashmore Foundation.

Key management personnel – Group and Company

The compensation paid to or payable to key management personnel is shown below:

	2020 £m	2019 £m
Short-term benefits	**0.8**	1.7
Defined contribution pension costs	**–**	–
Share-based payment benefits	**0.4**	1.6
	1.2	3.3

Short-term benefits include salary and fees, benefits and cash bonus.

Share-based payment benefits represent the fair value charge to the statement of comprehensive income of current year share awards.

Details of the remuneration of Directors are given in the Remuneration report on pages 75 to 109.

During the year, there were no other transactions entered into with key management personnel (FY2018/19: none). Aggregate key management personnel interests in consolidated funds at 30 June 2020 were £33.9 million (30 June 2019: £44.6 million).

28) Related party transactions continued

Transactions with subsidiaries – Company

Details of transactions between the Company and its subsidiaries are shown below:

	2020 £m	2019 £m
Transactions during the year		
Management fees	**78.4**	77.1
Net dividends	**122.0**	174.4
Loans repaid by subsidiaries	**23.3**	8.1

Amounts receivable or payable to subsidiaries are disclosed in notes 17 and 24 respectively.

Transactions with Ashmore funds – Group

During the year, the Group received £174.9 million of gross management fees and performance fees (FY2018/19: £158.9 million) from the 109 funds (FY2018/19: 109 funds) it manages and which are classified as related parties. As at 30 June 2020, the Group had receivables due from funds of £35.0 million (30 June 2019: £6.7 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 2020, the loan outstanding was £167.0 million (30 June 2019: £106.3 million).

Transactions 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 (FY2018/19: £0.1 million).

29) Commitments

The Group has undrawn investment commitments relating to seed capital investments as follows:

Group	2020 £m	2019 £m
Ashmore Andean Fund II, LP	**0.3**	0.5
Ashmore Avenida Colombia Real Estate Fund I (Cayman) LP	**0.1**	0.3
Ashmore I – CAF Colombian Infrastructure Senior Debt Fund	**11.6**	12.7
Ashmore Special Opportunities Fund LP	**8.0**	7.7
Total undrawn investment commitments	**20.0**	21.2

Company

The Company has undrawn loan commitments to other Group entities totalling £297.8 million (30 June 2019: £276.6 million) to support their investment activities but has no investment commitments of its own (30 June 2019: none).

30) Non-controlling interests

In January 2020 the Group listed PT Ashmore Asset Management Indonesia Tbk (Ashmore Indonesia) on the Jakarta Stock Exchange through an initial public offering (IPO) and issued 10.0% of the subsidiary's shares to the public. No shares were sold by existing shareholders and this diluted the Group's interest by 6.6% to 60.0%. Total proceeds of £11.7m were received on the new issue of shares and transaction costs of £0.4m were paid in relation to the issue of the shares. As a result of this transaction, the equity attributable to owners decreased by £0.4m and non-controlling interests increased by £11.7m. The IPO has raised Ashmore Indonesia's profile in the region and diversified its shareholder register.

The Group's material NCI as at 30 June 2020 were held in two subsidiaries, Ashmore Indonesia and Ashmore Avenida (Real Estate) Investments LLP (Ashmore Avenida). Set out below is summarised financial information for the two subsidiaries and the amounts disclosed are before intercompany eliminations.

	40% NCI interest Ashmore Indonesia		44% NCI interest Ashmore Avenida	
Summarised balance sheet	**2020 £m**	2019 £m	**2020 £m**	2019 £m
Total assets	**22.0**	7.8	**6.6**	7.0
Total liabilities	**(5.0)**	(5.3)	**(1.2)**	(0.5)
Net assets	**17.0**	2.5	**5.4**	6.5
Accumulated NCI	**13.4**	0.4	**8.1**	9.0
Summarised statement of comprehensive income				
Net revenue	**9.7**	10.3	**3.7**	4.5
Profit for the period	**5.1**	4.6	**0.1**	1.4
Other comprehensive income	**0.4**	0.2	**0.1**	0.2
Total comprehensive income	**5.5**	4.8	**0.2**	1.6
Profit allocated to NCI	**1.9**	1.5	**–**	0.5
Dividends paid to NCI	**0.7**	1.5	**0.9**	0.5
Summarised cash flows				
Cash flows from operating activities	**3.8**	6.0	**0.4**	0.7
Cash flows from investing activities	**0.5**	0.2	**0.9**	0.2
Cash flows from financing activities	**8.9**	(4.6)	**(1.5)**	(0.5)
Net increase/(decrease) in cash and cash equivalents	**13.2**	1.6	**(0.2)**	0.4

31) Significant accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the use of certain accounting estimates, and management to exercise its judgement in the process of applying the Group's accounting policies. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate to the valuation of unquoted investment securities using unobservable inputs.

Valuation of unquoted investments

In determining the fair value of seed capital investments, the Group makes estimates to determine the inputs used in valuation techniques. The degree of estimation involved depends on the individual financial instrument and is reflected in the fair value hierarchy. The fair value hierarchy also reflects the extent of judgements used in the valuation. Judgement may include determining the accounting classification, the appropriate valuation approach to use as well as determining appropriate assumptions. For level 3 investments, the judgement applied by the Group gives rise to an estimate of fair value.

As at 30 June 2020, approximately 7% of the Group's total assets by value are level 3 investments, whose fair value has been estimated using valuation techniques incorporating inputs that are not based on observable market data. The Group's level 3 investments comprise unquoted securities held in consolidated funds and interests in unconsolidated funds. The securities may include all asset types but are frequently special situations investments, typically incorporating distressed, illiquid or private investments. The methodology and models used to determine fair value are created in accordance with International Private Equity and Venture Capital Valuation Guidelines. Due to the high level of judgement involved, the Group has a separate Pricing Methodology and Valuation Committee (PMVC) to review the valuation methodologies, inputs and assumptions used to value individual investments. Smaller investments may be valued directly by the PMVC but material investments are valued by an independent third-party valuation specialist. Such valuations are subject to review and approval by the PMVC, whose activities are included in the Risk management section on pages 35 and 41.

Valuation techniques used include the market approach, the income approach or the net assets approach depending on the availability of reliable information. The market approach consists of using comparable transactions and applying either EBITDA (earnings before interest, tax, depreciation and amortisation) multiples or market multiples (based on comparable public company information). The use of the income approach consists of using the net present value derived from discounting estimated future cash flows using the weighted average cost of capital, adjusted as deemed appropriate for liquidity, credit, market and other risk factors. The net assets approach is based on the net asset value (NAV) for the level 3 fund investments determined as at year end.

The significant unobservable inputs used in valuation techniques are EBITDA and market multiples for the market approach, discount rate for the income approach and NAV for the net assets approach. A marketability adjustment is applied for certain level 3 investment securities to reflect illiquidity and/or non-transferability that could result from offering for sale at one time the Group's entire holdings of a particular financial instrument. The valuation of these investments is considered a significant source of estimation uncertainty as in aggregate the range of possible outcomes in respect to the unobservable inputs could have a material impact on the valuation. Further details on the valuation methodologies applied by the Group in the valuation of level 3 investments as at 30 June 2020 are provided in note 19, including details of the significant unobservable inputs and the associated sensitivities to changes in unobservable inputs to a reasonable alternative.

32) Post-balance sheet events

There are no post-balance sheet events that require adjustment or disclosure in the Group consolidated financial statements.

33) Subsidiaries and related undertakings

The following is a full list of the Ashmore Group plc subsidiaries and related undertakings as at 30 June 2020, along with the registered address and the percentage of equity owned by the Group. Related undertakings comprise significant holdings in associated undertakings, joint ventures and Ashmore sponsored public funds in which the Group owns greater than 20% interest.

Name	Classification	% voting interest	Registered address and place of incorporation
Ashmore Investments (UK) Limited	Subsidiary	100.00	61 Aldwych, London WC2B 4AE United Kingdom
Ashmore Investment Management Limited	Subsidiary	100.00	
Ashmore Investment Advisors Limited	Subsidiary	100.00	
Aldwych Administration Services Limited	Subsidiary	100.00	
Ashmore Asset Management Limited	Subsidiary	100.00	
Ashmore Avenida (Real Estate) Investments LLP	Subsidiary	56.00	
Ashmore Investment Management (Ireland) Limited	Subsidiary	100.00	32 Molesworth Street, Dublin 2, D02 Y512
Ashmore Investment Management (US) Corporation	Subsidiary	100.00	475 Fifth Avenue, 15th Floor New York, 10017 USA
Ashmore Investment Advisors (US) Corporation	Subsidiary	100.00	
Ashmore Equities Investment Management (US) LLC (in liquidation)	Subsidiary	100.00	
Avenida Partners LLC	Subsidiary	100.00	
Avenida CREF I Manager Cayman LLC	Subsidiary	100.00	
Avenida CREF I Manager LLC	Subsidiary	100.00	
Avenida A2 Partners LLC	Subsidiary	100.00	
Avenida Colombia Member LLC	Subsidiary	83.30	
Avenida CREF II Partners LLC	Subsidiary	100.00	
Avenida CREF II GP LLC	Subsidiary	100.00	
MCA Partners LLC	Subsidiary	100.00	
Avenida REF Holding SA	Subsidiary	100.00	Yamandu 1321, 11500 Montevideo Uruguay
Avenida CREF II Manager SRL	Subsidiary	99.00	
Avenida CREF Partners SRL	Subsidiary	99.00	
Avenida CREF II GP SRL	Subsidiary	85.00	
Ashmore Investment Management (Singapore) Pte. Ltd.	Subsidiary	100.00	1 George Street, #15-04, Singapore 049145
PT Ashmore Asset Management Indonesia Tbk	Subsidiary	60.04	Pacific Century Place, 18th Floor, SCBD Lot 10, Jl. Jenderal. Sudirman Kav. 52-53 Jakarta 12190, Indonesia
Ashmore Management Company Colombia SAS	Subsidiary	61.38	Carrera 7 No. 75 -66, Office 701 & 702 Bogotá, Colombia
Ashmore-CAF-AM Management Company SAS	Subsidiary	53.66	
Ashmore Holdings Colombia S.A.S.	Subsidiary	100.00	
Ashmore Investment Advisors Colombia S.A. Sociedad Fiduciaria	Subsidiary	100.00	
Ashmore Management Backup Company S.A.S	Subsidiary	100.00	
Avenida Colombia Management Company SAS	Subsidiary	100.00	
Ashmore Peru SAC	Subsidiary	99.00	Av. de la Floresta No. 497, Quinto Piso, San Borja, Lima, Perú
Ashmore Japan Co. Limited	Subsidiary	100.00	11F, Shin Marunouchi Building 1-5-1 Marunouchi Chiyoda-ku Tokyo Japan 100-6511
Ashmore Investments (Colombia) SL	Subsidiary	100.00	c/ Hermosilla 11, 4ºA, 28001 Madrid, Spain
Ashmore Management (DIFC) Limited	Subsidiary	100.00	Office 105, Gate Village 03, Level 1 Dubai International Financial Centre Dubai, UAE
Ashmore Investment Advisors (India) Private Limited (in liquidation)	Subsidiary	99.82	507A Kakad Chambers, Dr Annie Besant Road, Worli Mumbai 400 018, India

33) Subsidiaries and related undertakings continued

Name	Classification	% voting interest	Registered address and place of incorporation
Ashmore Investment Saudi Arabia	Subsidiary	100.00	3rd Floor Tower B, Olaya Towers Olaya Main Street Riyadh, Saudi Arabia
Ashmore Saudi Equity Fund	Consolidated fund	100.00	
Ashmore AISA Cayman Limited	Subsidiary	100.00	Ugland House, Grand Cayman, KY1-1104, Cayman Islands
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 EM Special Situation Opportunities Fund (GP) Limited	Subsidiary	100.00	Trafalgar Court Les Banques St Peter Port GY1 3QL Guernsey
Ashmore Management Company Limited	Subsidiary	100.00	
Ashmore Global Special Situations Fund 3 (GP) Limited	Subsidiary	100.00	
Ashmore Global Special Situations Fund 4 (GP) Limited	Subsidiary	100.00	
Ashmore Global Special Situations Fund 5 (GP) Limited	Subsidiary	100.00	
Ashmore Special Opportunities (GP) Limited	Subsidiary	100.00	
Ashmore Special Opportunities Fund LP	Consolidated fund	50.00	
Ashmore Emerging Markets Debt and Currency Fund Limited	Consolidated fund	89.60	
Ashmore SICAV Emerging Markets Equity ESG Fund	HFS investment	100.00	10, rue du Chateau d'Eau L-3364 Leudelange Grand-Duchy of Luxembourg
Ashmore SICAV Emerging Markets IG Short Duration Fund	HFS investment	65.46	
Ashmore SICAV Emerging Markets China Bond Fund	Consolidated fund	100.00	
Ashmore SICAV Emerging Markets Equity Fund	Consolidated fund	48.86	
Ashmore SICAV Emerging Markets Global Small-Cap Equity Fund	Consolidated fund	45.47	
Ashmore SICAV Emerging Markets IG Total Return Fund	Consolidated fund	80.10	
Ashmore SICAV Emerging Markets Total Return ESG Fund	Consolidated fund	100.00	
Ashmore SICAV Emerging Markets Indonesian Equity Fund	Consolidated fund	100.00	
Ashmore SICAV Emerging Markets Multi-Asset Fund	Consolidated fund	54.58	
Ashmore SICAV Emerging Markets Volatility-Managed LCBF	Consolidated fund	100.00	
Ashmore SICAV Emerging Markets Absolute Return Debt Fund	Significant holding	30.44	
Ashmore Emerging Markets Active Equity Feeder Fund	HFS investment	100.00	50 South LaSalle Street Chicago, Illinois 60603
Ashmore Emerging Markets Equity ESG Fund	HFS investment	100.00	
Ashmore Emerging Markets Short Duration Select Fund	HFS investment	100.00	
Ashmore Emerging Markets Equity Fund	Consolidated fund	42.20	
Ashmore Investment Management India LLP	Associate	30.00	507A Kakad Chambers, Dr Annie Besant Road Worli, Mumbai 400 018, India
Taiping Fund Management Company	Associate	8.50	Unit 101, Building No.5, 135 Handan Road, Shanghai, China

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

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Management fees	**330.0**	307.6	259.7	226.2	197.1
Performance fees	**3.9**	2.8	21.9	28.3	10.4
Other revenue	**4.1**	5.9	4.1	2.7	4.1
Total revenue	**338.0**	316.3	285.7	257.2	211.6
Distribution costs	**(14.5)**	(13.3)	(9.2)	(4.6)	(1.2)
Foreign exchange	**7.0**	11.3	(0.2)	5.0	22.1
Net revenue	**330.5**	314.3	276.3	257.6	232.5
Gain/(loss) on investment securities	**(19.1)**	0.5	3.0	22.4	(5.7)
Change in third-party interests in consolidated funds	**7.5**	3.8	(2.4)	(12.5)	3.4
Personnel expenses	**(27.6)**	(26.5)	(24.2)	(24.8)	(24.1)
Variable compensation	**(55.0)**	(57.7)	(48.6)	(43.0)	(35.6)
Other operating expenses	**(26.6)**	(31.6)	(27.6)	(32.9)	(32.6)
Total operating expenses	**(109.2)**	(115.8)	(100.4)	(100.7)	(92.3)
Operating profit	**209.7**	202.8	176.5	166.8	137.9
Finance income	**12.0**	17.4	15.2	38.6	31.5
Finance expenses	**–**	–	–	–	(0.2)
Share of profits/(losses) from associates and joint ventures	**(0.2)**	(0.3)	(0.4)	0.8	(1.7)
Profit before tax	**221.5**	219.9	191.3	206.2	167.5
Tax expense	**(36.8)**	(38.4)	(37.8)	(36.7)	(38.8)
Profit for the year	**184.7**	181.5	153.5	169.5	128.7
EPS (basic)	**27.4p**	26.6p	22.6p	25.1p	19.1p
Dividend per share	**16.9p**	16.7p	16.7p	16.7p	16.7p
Other operating data (unaudited)					
AuM at year end (US$bn)	**83.6**	91.8	73.9	58.7	52.6
Average AuM (US$bn)	**89.6**	80.5	69.2	54.8	52.1
Average GBP:USD exchange rate for the year	**1.26**	1.30	1.35	1.28	1.48
Period end GBP:USD exchange rate for the year	**1.24**	1.27	1.32	1.29	1.32

Information for shareholders

Ashmore Group plc
Registered in England and Wales.
Company No. 3675683

Registered office
61 Aldwych
London WC2B 4AE
Tel: +44 (0) 20 3077 6000
Fax: +44 (0) 20 3077 6001

Principal UK trading subsidiary
Ashmore Investment Management Limited

Registered in England and Wales, Company No. 3344281.

Business address and registered office as above.

Further information on Ashmore Group plc can be found on the Company's website: www.ashmoregroup.com.

Financial calendar

First quarter AuM statement
14 October 2020

Annual General Meeting
16 October 2020

Ex-dividend date
5 November 2020

Record date
6 November 2020

Final dividend payment date
11 December 2020

Second quarter AuM statement
January 2021

Announcement of unaudited interim results for the six months ending 31 December 2020
February 2021

Third quarter AuM statement
April 2021

Fourth quarter AuM statement
July 2021

Announcement of results for the year ending 30 June 2021
September 2021

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 2020 Annual Report and Accounts and other publications
Copies of the 2020 Annual Report and financial statements, the Notice of Annual General Meeting, other corporate publications, press releases and announcements are available on the Company's website at www.ashmoregroup.com.

Sharegift

Shareholders with only a small number of shares whose value makes them uneconomic to sell may wish to consider donating to charity through Sharegift, an independent charity share donation scheme.

For further information, please contact either the Registrar or see the Sharegift website at www.sharegift.org.

Frequent shareholder enquiries

Enquiries and notifications concerning dividends, share certificates or transfers and address changes should be sent to the Registrar; the Company's governance reports, corporate governance guidelines and the terms of reference of the Board committees can be found on the Company's website at www.ashmoregroup.com.

Notifying the Company of a change of address

You should notify Equiniti Registrars in writing.

If you hold shares in joint names, the notification to change address must be signed by the first-named shareholder. You may choose to do this online, by logging on to www.shareview.co.uk. You will need your shareholder reference number to access this service – this can be found on your share certificate or from a dividend counterfoil.

You will be asked to select your own PIN and a user ID will be posted to you.

Notifying the Company of a change of name

You should notify Equiniti Registrars in writing of your new name and previous name. You should attach a copy of your marriage certificate or your change of name deed, together with your share certificates and any un-cashed dividend cheques in your old name, so that the Registrar can reissue them.

Dividend payments directly into bank or building society accounts

We recommend that all dividend payments are made directly into a bank or building society account. Dividends are paid via BACS, providing tighter security and access to funds more quickly. To apply for a dividend mandate form, contact the Registrar, or you can find one by logging on to www.shareview.co.uk (under Frequently Asked Questions) or by calling the helpline on 0371 384 2812 (linesare open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047.

Transferring Ashmore Group plc shares

Transferring some or all of your shares to someone else (for example your partner or a member of your family) requires completion of a share transfer form, which is available from Equiniti Registrars. The form should be fully completed and returned with your share certificate representing at least the number of shares being transferred. The Registrar will then process the transfer and issue a balance share certificate to you if applicable. The Registrar will be able to help you with any questions you may have.

Lost share certificate(s)

Shareholders who lose their share certificate(s) or have their certificate(s) stolen should inform Equiniti Registrars immediately by calling the shareholder helpline on 0371 384 2812 (lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047.

Disability helpline

For shareholders with hearing difficulties, a special text phone number is available: 0371 384 2255.

Ashmore Group plc
61 Aldwych
London WC2B 4AE
United Kingdom

www.ashmoregroup.com

FSC www.fsc.org MIX Paper from responsible sources FSC® C107262

This report is printed on Essential Velvet, and manufactured at a mill that is FSC® accredited and certified to the ISO 14001 Environmental Standard.

Printed by Principal Colour. Principal Colour are ISO 14001 certified, Alcohol Free and FSC® Chain of Custody certified.

Designed and produced by Black Sun Plc.