

Ashmore Group plc



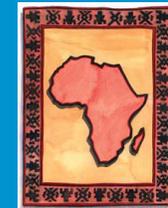
UBS European Conference – 15 - 16 November 2011

Ashmore

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Emerging Markets Backdrop



Ashmore

Emerging Markets Backdrop

Growth story

1) Driver of global growth

- Around 50% of global economy in terms of GDP (PPP basis)
- 2011E forecasted GDP growth of 6.4% for Emerging Markets vs 1.6% for developed world (IMF)

2) Favourable demographics

- Over 85% of global population
- Increasing middle class with high household savings (EM > 30% vs developed < 10%)

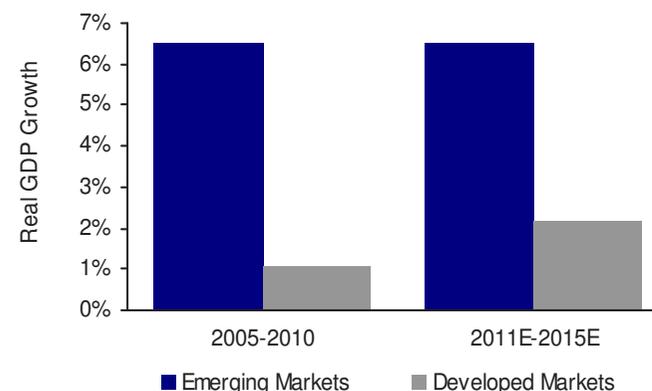
3) Reduced dependency on developed world

- EM countries now export more to China than to the U.S.
- Less levered EM banks fared better in credit crisis

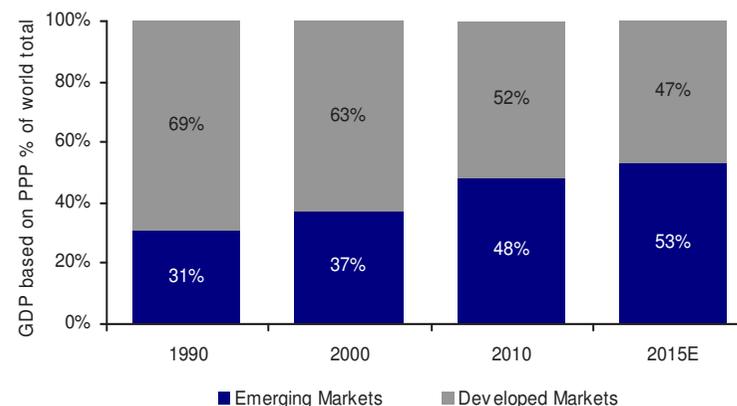
4) Developing capital markets

- EM stocks represented 32% of the market cap of stocks worldwide at end of 2010 but only 13% of the MSCI
- EM IPO volume made up 69% of global volume in 2010
- EM sovereign debt issuance of US\$75bn and corporate issuance of US\$280bn in 2010

Superior Economic Growth Outlook



Increasing Global Economic Presence



Sources: IMF, Bloomberg, Ashmore

...Emerging Markets fundamentals continue to demonstrate the attractions of the asset class

Emerging Markets Backdrop

Misconception of risk

- 1) **Strong financial position**
 - Lower debt to GDP at consumer, corporate and government levels
 - EM banks have fared much better in the credit crisis (not as dependent on leverage)
- 2) **Favourable foreign exchange reserve balances**
 - Reduced fiscal deficits and higher levels of reserves
- 3) **Improving economic and political fundamentals and stability**
 - Inflation risks country-specific and manageable
 - Increasingly better governance
- 4) **Improving credit quality and spreads**
 - Significant improvement in fundamental sovereign risks
 - Spreads over Treasuries near historical lows

Converging Credit Ratings

	June 2006	Latest	Change
Developed Markets			
UK	AAA	AAA	0
USA	AAA	AA+	-1
Italy	AA-	A	-2
Spain	AAA	AA	-2
Portugal	AA-	BBB-	-6
Ireland	AAA	BBB+	-7
Greece	A	CC	-11
Emerging Markets			
Russia	BBB	BBB	0
India	BB+	BBB-	+1
Brazil	BB	BBB-	+2
Turkey	B+	BB	+2
Colombia	BB	BBB-	+2
China	A-	AA-	+3

Sources: Bloomberg

...perception of risk within developed countries is beginning to change

Emerging Markets Backdrop

“Ashmore Advantage”

<p>Dedicated to Emerging Markets</p>	<ul style="list-style-type: none"> ■ Focused exclusively on Emerging Markets ■ Longstanding presence and dedication to Emerging Markets since 1980's
<p>Depth, Breadth & Experience</p>	<ul style="list-style-type: none"> ■ 86 investment professionals within Ashmore globally ■ Breadth of investment themes enables countries/companies to be helped throughout their economic and business life cycles
<p>Investment Philosophy & Process</p>	<ul style="list-style-type: none"> ■ Specialist, long-term approach starting with macro, top-down active management ■ Unchanged since 1992 and proven across wide range of market conditions
<p>Relationships</p>	<ul style="list-style-type: none"> ■ Contacts – governments, corporates, entrepreneurs, investee companies ■ Investors – diversified across geographical regions including Emerging Markets
<p>Combination of Global & Local Asset Management Resources</p>	<ul style="list-style-type: none"> ■ Strong focus on behaviour of market participants, liquidity conditions, and key local relationships – regional office presence along with frequent in-country visits ■ Established an extensive network of contacts, including policy-makers, local financial institutions and major international counterparties

...leading to track record of consistent long-term out performance

Strategy



Ashmore

Our Strategy

Phase 1:
Establish emerging market
asset class

1

Phase 2:
Diversify developed
world capital sources
and themes

2

Phase 3:
Mobilise emerging
markets capital

3

Status:
Largely completed

Status:
**Underway – significant
growth available**

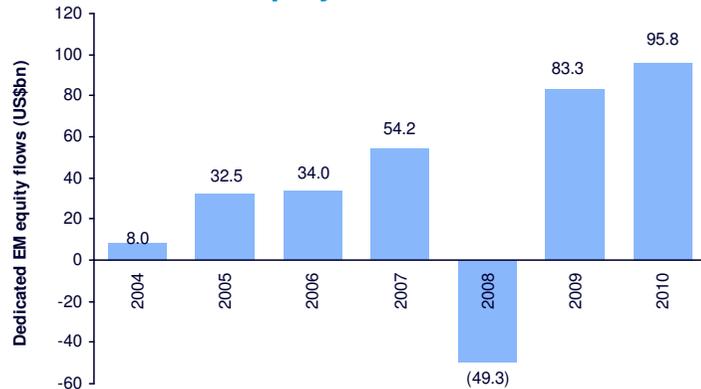
Status:
**Commenced – enormous future
growth opportunities**

...three phase strategy to position Ashmore at the heart of capital flows into and between EM

Strategy

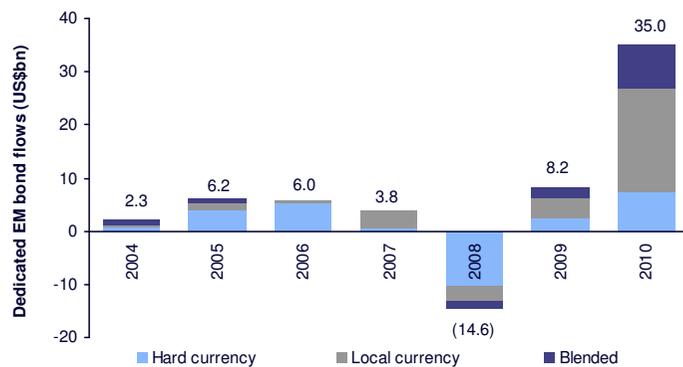
Phase 1: Establish Emerging Markets asset class

Dedicated EM Equity Fund Flows

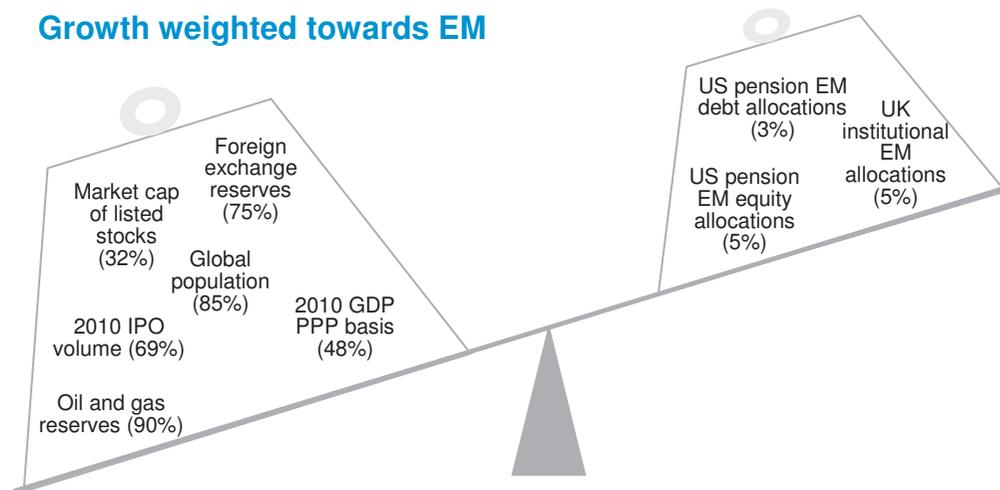


- Record inflows into Emerging Markets funds during 2010
- Global AuM estimated to be c. US\$55 trillion (EM c. US\$5 trillion); even a 1% increase in allocations to Emerging Markets would equate to inflows of over US\$500bn into dedicated EM funds
- Investor allocations have increased but are still underweight versus most metrics
- Home country bias
- Historic prejudices of investors towards the “safer” developed world over “riskier” Emerging Markets are being dispelled

Dedicated EM Bond Fund Flows



Growth weighted towards EM



Percentages represent Emerging Markets as a percentage of total

Sources: IMF, Bloomberg, Ashmore, Pensions & Investments, EPFR

...growing opportunity but expectation of much more to come

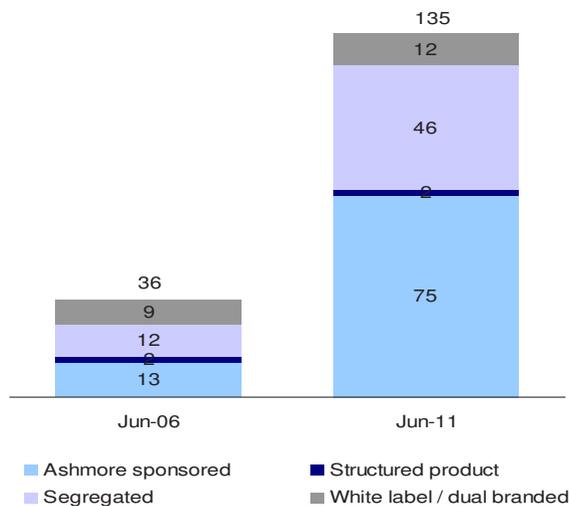
Strategy

Phase 2: Diversify developed world capital sources and themes

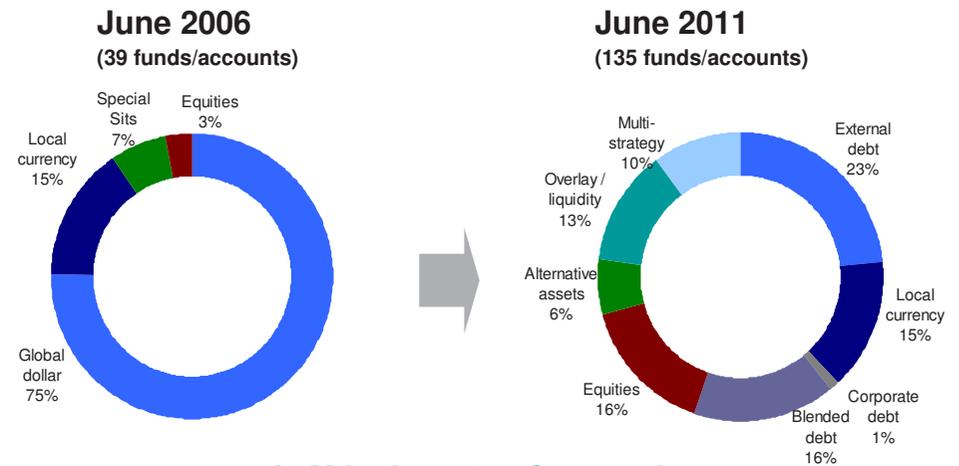
Components of phase

- Establish new investment themes to diversify emerging markets product offerings
- Develop new product structures and capabilities
- Establish Ashmore as trusted allocator
- Broaden and deepen developed world investor base
- Deliver strong performance consistently

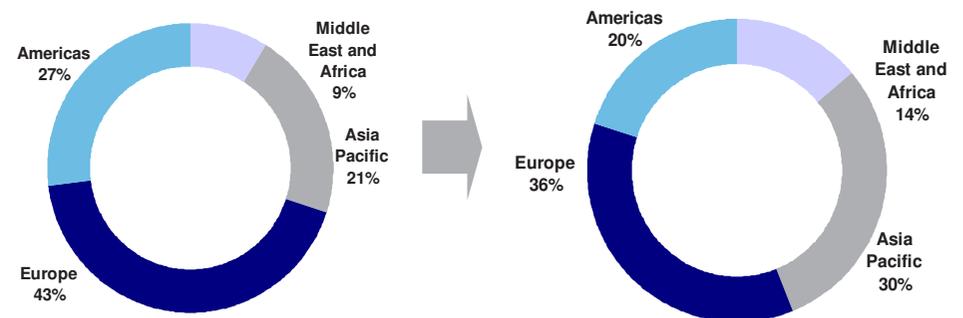
Fund Classification by Number of Funds



AuM by Theme



AuM by Investor Geography



...continued development of product offering to meet investor demands

Strategy

Phase 2: Broaden and deepen developed world investor base

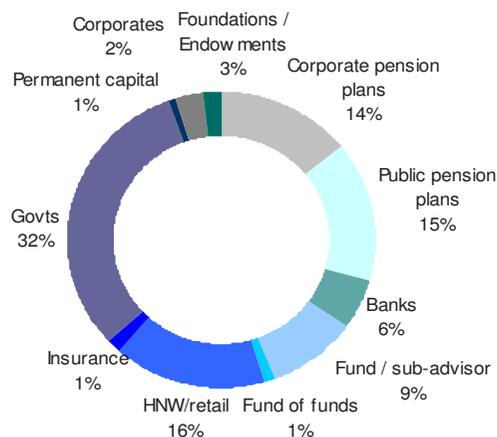
Distribution Overview

- Enhancing distribution platform
 - Business Development – primary sales function
 - Account Management – ongoing client management
 - Intermediary Distribution – relationship with key distributors
 - Marketing Services – delivery (updates, RFP's, etc)
- Distribution team headcount increased to 32
- New York, Tokyo and Beijing operations have become further licensed during the last year by local regulators
- Distribution presence at local asset management platforms continuing to develop

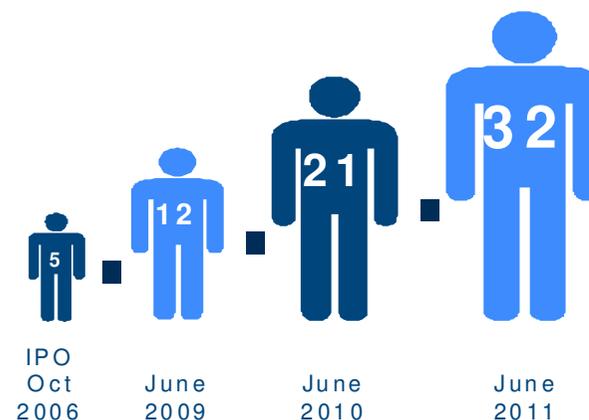
Global Distribution



AuM by Investor Type



Growth in Distribution Team Headcount



...organised as a single centrally managed, but globally located team

Strategy

Phase 2: AshmoreEMM Acquisition

AshmoreEMM Acquisition

- Transaction completed on 31 May 2011
- AuM as at 30 June 2011 was US\$9.9 billion
- Consideration paid at completion revised in line with price adjustment mechanisms to 30 September 2011
- Integration process well on track and business performing in line with our expectations:
 - Rebranded AshmoreEMM; reported within equities investment theme going forward
 - Now responsible for the investment management of all centrally managed equity products within the Group
 - AshmoreEMM product range incorporated into Ashmore distribution platform
 - Have launched two Emerging Markets Equity Funds (SICAV in Luxembourg and US 40 Act) and two Small Cap Equity Funds (SICAV in Luxembourg and US 40 Act)

AshmoreEMM Advantage

- Founded in 1987, reputation as one of the world’s pioneering investment firms specialising in the management of EM equities
- Well resourced research team with 32 investment professionals and an average of 14 years industry experience
- Extensive proprietary database covering over 3,000 companies
- Offer clients various ways to access Emerging Markets equities (global, quantitative, regional / speciality / small cap)
- Very strong performance in regional / speciality / small cap funds
- E.g. Global Small Cap Fund outperforming 98% of peers over 1 and 3 year periods and 95% over 5 year period

Accounting Details

	Quantum (US\$m)	Comments
Goodwill and Intangible assets	151	<ul style="list-style-type: none"> ▪ US\$68m intangible for fund management relationships/trade name amortised over 8-10 years ▪ US\$83m goodwill, balance sheet asset, no P&L impact
IFRS 2	43	<ul style="list-style-type: none"> ▪ Employee retention related ▪ Annual charge to P&L of US\$8.6m for 5 years; credit to non-controlling interest
Contingent consideration	46	<ul style="list-style-type: none"> ▪ Fair value (probability weighted, NPV) ▪ Annual payments on May-12, May-13, May-14

Consideration Structure (post 30-Sep-11 adjustment)

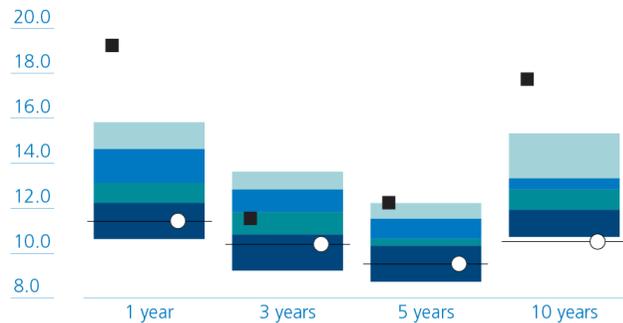
US\$m	Announced	Closing	Delta
Cash	96.0	80.8	(15.2)
Equity	<u>29.9</u>	<u>22.2</u>	<u>(7.7)</u>
Upfront consideration	125.9	103.0	(22.9)
Contingent payments	120.1	143.0	+22.9

...consistent with our strategy to grow the equity investment theme

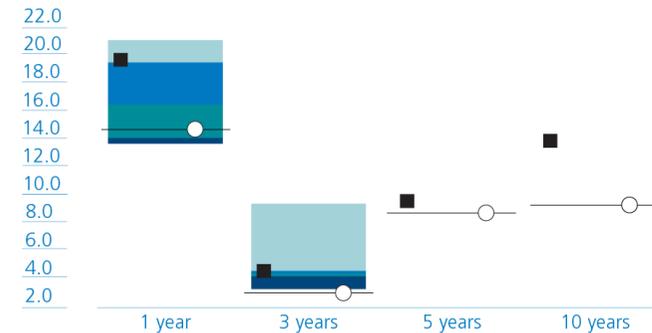
Strategy

Phase 2: Deliver strong performance consistently

Ashmore EM External Debt (Broad) Composite

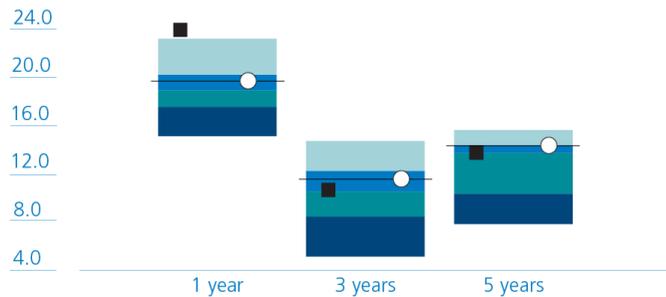


Ashmore Local Currency (Broad) Composite



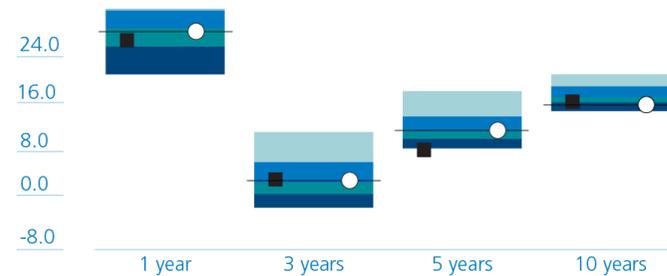
Ashmore Local Currency (Bonds) Composite

Ashmore Local Currency (Bonds) Composite



EMIC – Global EM Equity

AshmoreEMM Global Equity Composite



Ashmore composite performance
 Benchmark index
 95th percentile
 Lower quartile
 Upper quartile
 5th percentile

...99% of Ashmore's AuM outperformed benchmark during the year to 30th June 2011

Sources: Ashmore (un-audited), Third party consultant database.

Strategy

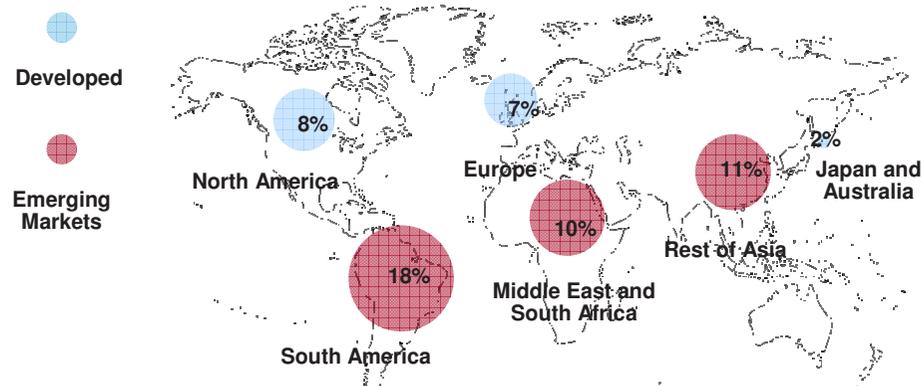
Phase 3: Mobilise Emerging Markets capital

Components of phase

- Mobilise emerging markets capital managed offshore
- Capital sourced initially from largest pools, i.e. central banks, governments, reserve managers and sovereign wealth funds

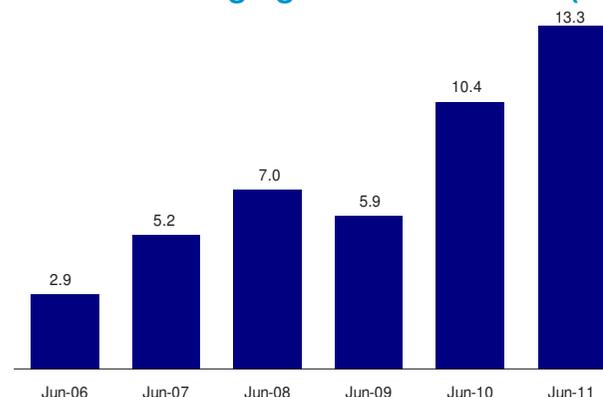
- Develop network of domestic asset management businesses
- Manage domestic capital locally
- Create strong local performance track record

Fastest Growing AuM Markets are in EM



Bubbles represents annual total market AuM growth from 2009 to 2010
 Source: BCG Global Asset Management Market Sizing database, 2011

AuM from Emerging Markets Sources (US\$bn)



...Ashmore continues to investigate new countries to develop its network of domestic asset management businesses

Conclusion

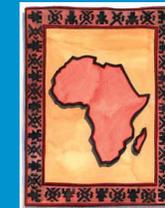
Ashmore achieves outperformance through:

- Scalable and profitable business model
- Dedication to emerging markets
- Compelling three phase strategy
- Unique investment philosophy and process resulting in growth in levels of AuM and long term consistent investment outperformance

Ashmore is highly cash generative, has a strong balance sheet, good dividend yield and progressive policy

...perfectly positioned to capitalise on the emerging markets structural growth

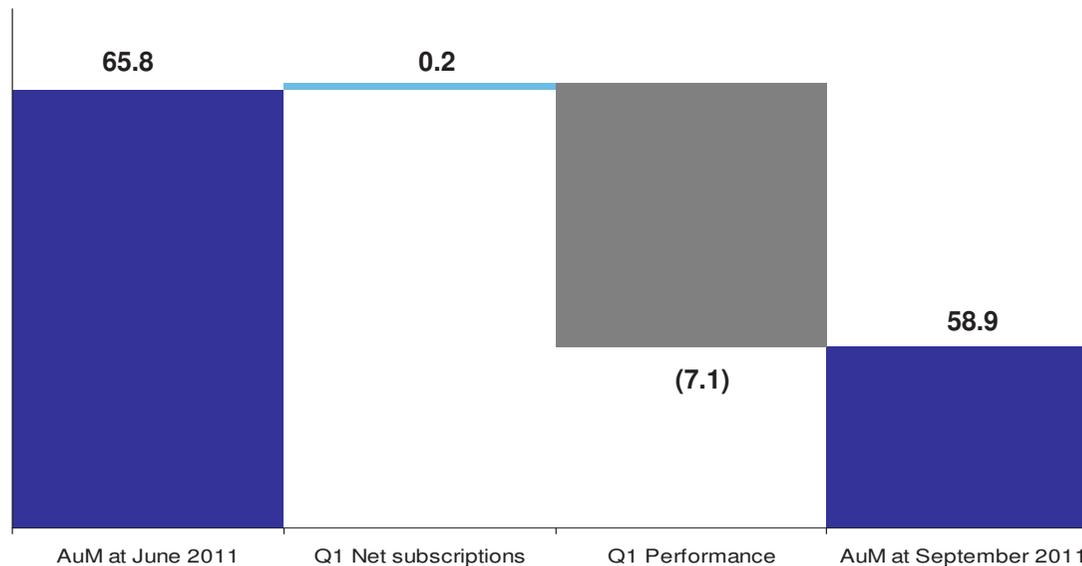
Q1 Interim Management Statement



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Q1 interim management statement

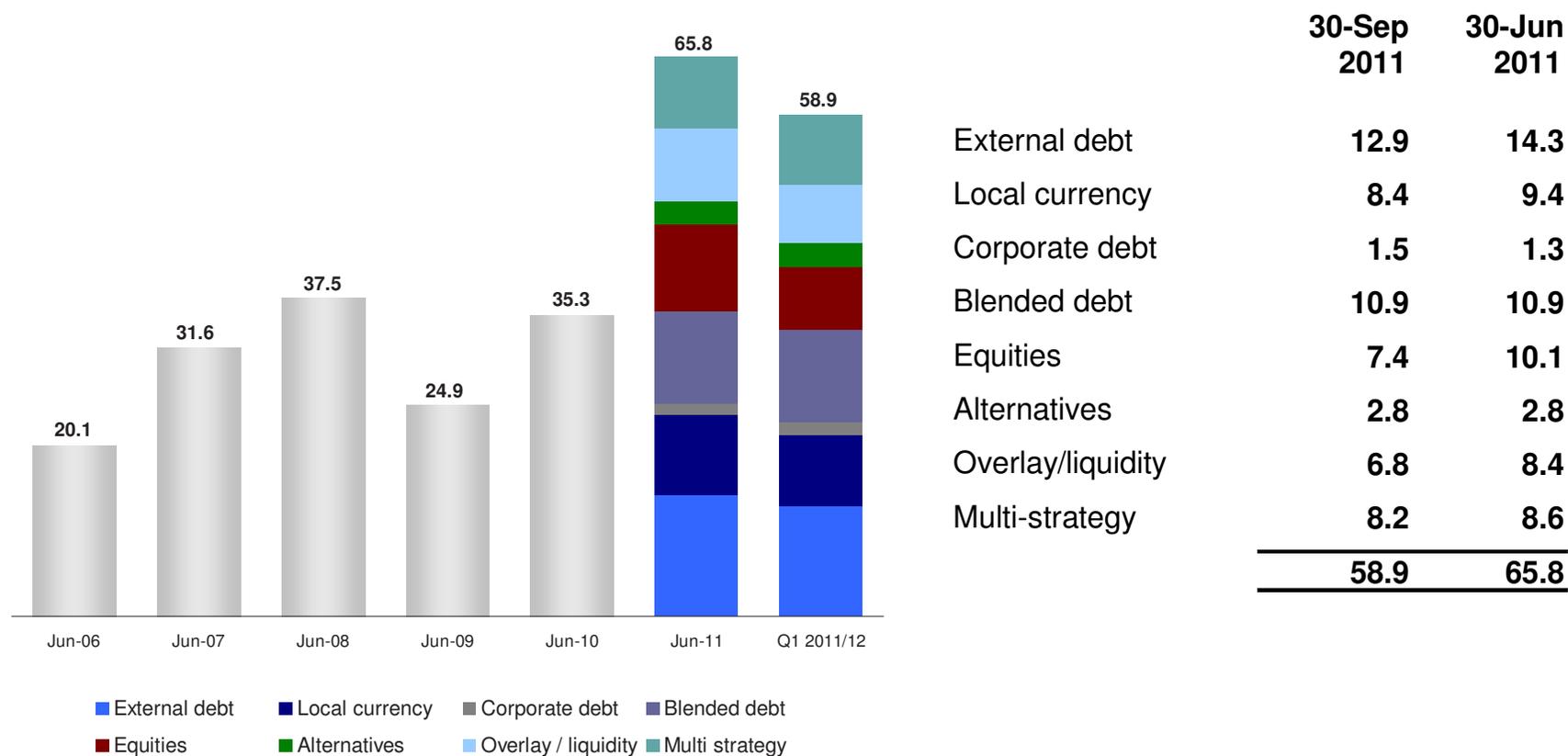
- The quarter saw assets under management decrease 10.5% to US\$58.9 billion
- Net inflows for the quarter of US\$0.2 billion offset by adverse investment performance of US\$7.1 billion
- The principal inflows were within the multi-strategy theme from Asian retail focussed products. There were also net inflows in the overlay/liquidity, blended debt and corporate debt themes, with net outflows in the external debt and equities themes



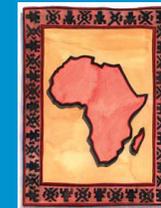
...net inflows in the quarter to 30th September 2011

Q1 interim management statement

Assets under Management (US\$bn)

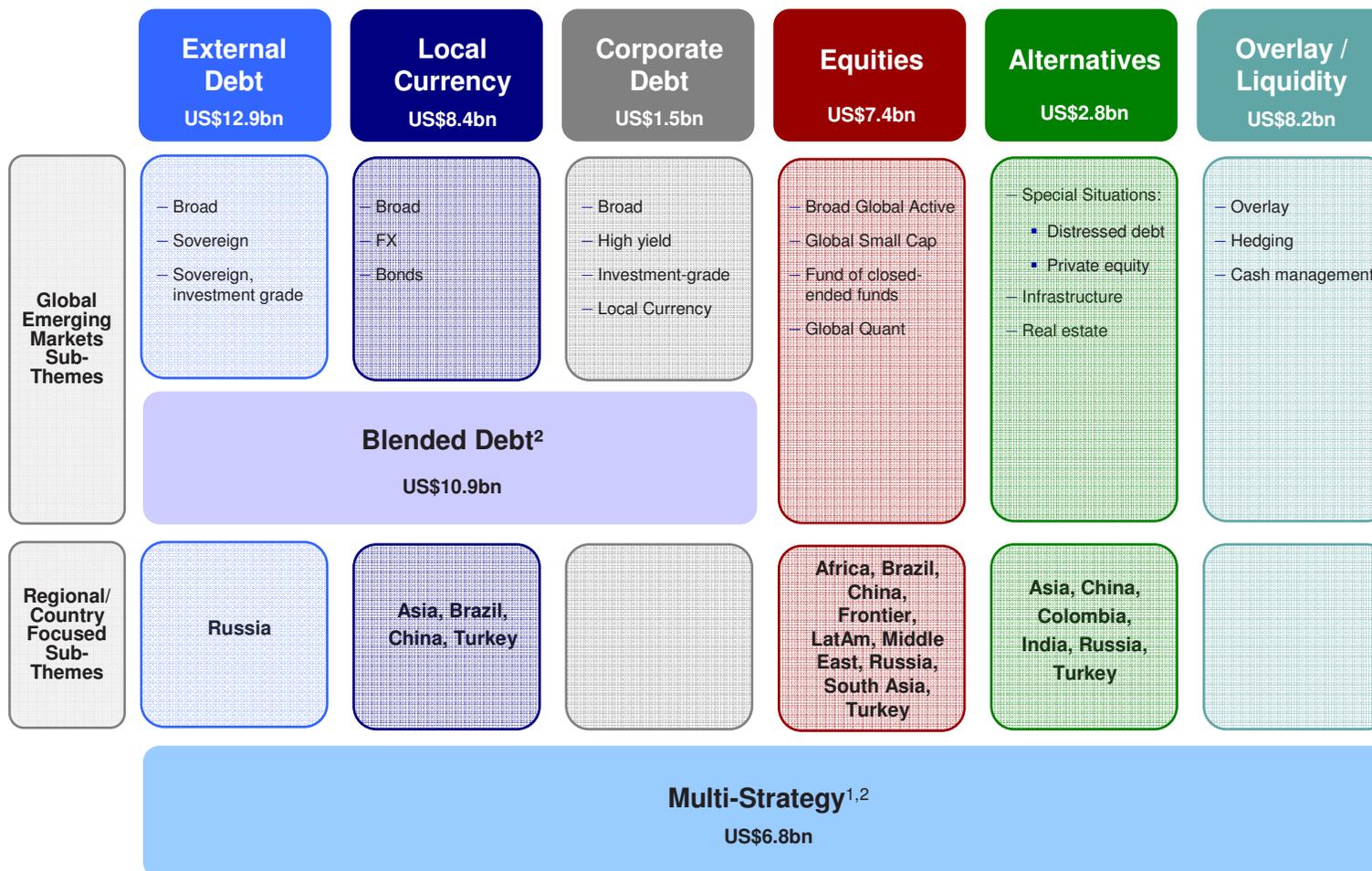


Selected slides from Annual Results



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Investment Themes



NB. All data as at 30-Sep-11.

1) Dynamic asset allocation across themes (includes Ashmore Group's multi-strategy, listed permanent capital vehicle).

2) Some funds are permitted to invest into other themes and AuM shown is as invested (aggregate of investments made across all funds).

Financial Highlights Year Ended 30th June 2011

- Final assets under management (“AuM”) of US\$65.8 billion at 30 June 2011, an increase of US\$30.5 billion (86%) from US\$35.3 billion at 30 June 2010
 - Completion of acquisition of AshmoreEMM
- Total net revenue of £333.8 million, an increase of 17% from FY2009/10 (£286.2 million)
 - Net management fees⁽¹⁾ up by 31% to £249.3 million
 - Performance fees up 3% to £85.4 million (FY2009/10: £82.9 million)
 - Foreign exchange loss £7.4 million (FY2009/10: £7.0 million gain)
- Operating margin of 72% (FY2009/10: 73%)
- Profit before tax of £245.9 million, an increase of 13% from FY2009/10 (£217.2 million)
- Basic earnings per share of 28.1p (FY2009/10: 23.9p)
- 10.34p final dividend, making a full year dividend of 14.5p

1) Net of distribution costs and fee rebates, but before net management fee hedging gains/(losses).

Financial Results

Income statement

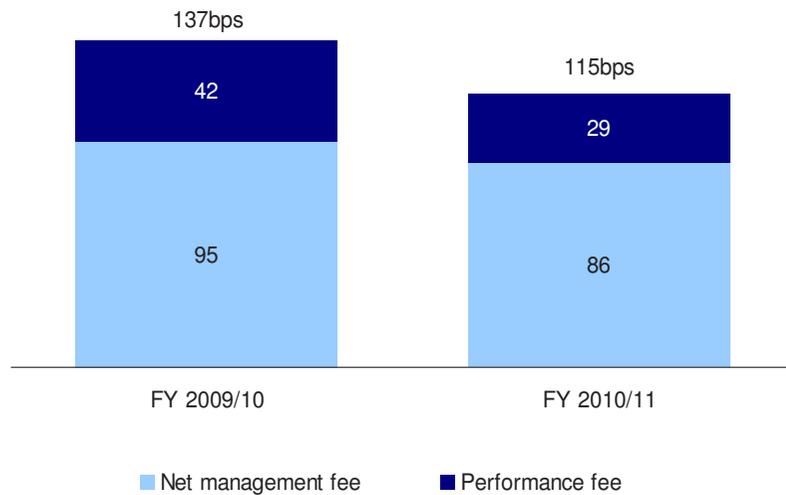
	Year ended 30 June 2011	Year ended 30 June 2010	Variance as reported	
	£m	£m	£m	%
Net management fees	249.3	189.9	59.4	31
Performance fees	85.4	82.9	2.5	3
Other revenue	6.5	6.4	0.1	2
Foreign exchange	(7.4)	7.0	(14.4)	(206)
Net revenue	333.8	286.2	47.6	17
Personnel expenses	(15.3)	(12.8)	(2.5)	(20)
Variable compensation	(56.2)	(46.0)	(10.2)	(22)
Other operating expenses	(22.9)	(18.1)	(4.8)	(27)
Total operating expenses	(94.4)	(76.9)	(17.5)	(23)
Operating profit	239.4	209.3	30.1	14
Finance income	6.5	7.9	(1.4)	(18)
Profit before tax	245.9	217.2	28.7	13
Tax	(55.7)	(56.6)	0.9	2
Profit after tax	190.2	160.6	29.6	18
Net other comprehensive income	6.7	1.2	5.5	458
Total comprehensive income ⁽¹⁾	196.9	161.8	35.1	22
Earnings per share - basic	28.08p	23.87p		
Earnings per share - diluted	26.63p	22.51p		
Dividend per share	14.50p	13.00p		
Operating profit margin	71.7%	73.1%		

(1) Attributable to equity holders of the parent £195.3m (2009/10: £161.2m)

Financial Results

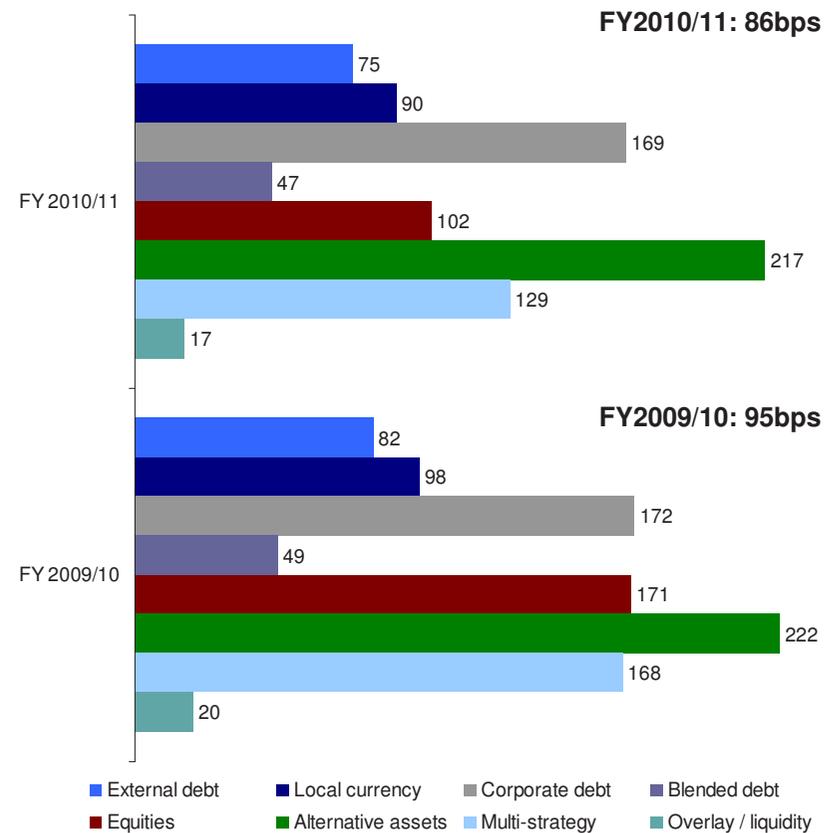
Revenue margins

Total Net Revenue Margin (bps)



- Principal component of revenue remains management fees
- Maintenance of high average margin through product diversification remains our aim
- 7.4bps of impact in FY 2010/11 related to currency overlay

Net Management Fee Margins (bps)



...mix of products and clients results in margin reduction

Financial Results

Cash flow & balance sheet

	Year ended 30 June 2011	Year ended 30 June 2010		Year ended 30 June 2011	Year ended 30 June 2010
	£m	£m		£m	£m
Cash from operations	253.4	250.9	Total assets	675.6	505.1
Acquisition of AshmoreEMM	(41.2)	-	Net liabilities	160.7	131.4
Investment in associate	-	(2.3)	Net assets/total equity	514.9	372.7
Treasury / own shares	(10.9)	(34.0)	<i>Including:</i>		
Net purchase of seed capital investments ⁽¹⁾	(12.5)	(26.9)	Non-current assets	4.2	4.5
Dividends	(93.7)	(82.6)	Goodwill and intangible assets	103.2	6.7
Taxation	(62.1)	(52.9)	Deferred tax asset	17.9	14.4
Interest	1.4	1.5	Deferred acquisition costs	6.9	9.3
FX and other	(9.3)	2.3	Investment in associate	2.3	2.3
Increase in cash	24.6	56.0	Cash and cash equivalents	369.0	344.4
			Trade receivables	68.0	45.7
			Trade payables	(94.9)	(89.8)
			Seed capital investments ⁽¹⁾	91.1	68.6

...cash flow funded acquisition and seed capital investments; strong balance sheet maintained

1) Represents seed capital invested by the Group in its funds and classified as either available-for-sale financial assets, non-current assets held for sale and non-current asset investments

Disclaimer

IMPORTANT INFORMATION

This document does not constitute an offer to sell or an invitation to buy shares in Ashmore Group plc or any other invitation or inducement to engage in investment activities. Certain statements, beliefs and opinions in this document are forward-looking, which reflect the Company's current expectations and projections about future events. By their nature, forward-looking statements involve a number of risks, uncertainties and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements contained in this document regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The value of investments, and the income from them, may go down as well as up, and is not guaranteed. Past performance cannot be relied on as a guide to future performance. Exchange rate changes may cause the value of overseas investments or investments denominated in different currencies to rise and fall. The Company does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should not place undue reliance on any forward-looking statements, which speak only as of the date of this document.

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