Ashmore

EQUITIES
PEOPLE
INVESTED IN ASHMORE
LOCAL
ESG
DIVERSITY

ANNUAL REPORT
AND ACCOUNTS 2021

Contents

2021 highlights

Assets under management (AuM)

US$94.4bn

2020: US$83.6bn
+13% YoY

Adjusted EBITDA margin

66%

2020: 68%

AuM outperforming benchmarks (3 years)

57%

2020: 17%

Profit before tax

£282.5m

2020: £221.5m
+28% YoY

Net revenue

£291.7m

2020: £330.5m
-12% YoY

Diluted EPS

34.2p

2020: 25.7p
+33% YoY

Dividends per share

16.9p

2020: 16.9p

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 described on page 35.

Five-year comparatives for other alternative performance measures are included in the five-year summary on page 179.

Ashmore's purpose, as a specialist Emerging Markets investment manager, is to deliver long-term investment outperformance 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.

Find more information on how Ashmore's purpose aligns with and benefits its stakeholders in the Section 172 statement on page 42.

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Ashmore's specialist approach to investing allows it to take full advantage of the substantial long-term growth opportunities across the large and diverse Emerging Markets asset classes.

Invested in equities
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Invested in people
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Invested locally
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Invested in diversity
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Invested in ESG
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A STRATEGY FOR GROWTH

Ashmore's strategy is aligned with the significant growth opportunities available across the broad range of Emerging Markets asset classes. Consistent with the Group's purpose, 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 market cycles. 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 2021	Potential sources of risk
– Developed world investors hold more than US$80 trillion of assets and are profoundly underweight Emerging Markets: target allocations are less than 10% compared with global benchmark weights of approximately 10% to 30%	– As global markets recover from the COVID-19 pandemic, Ashmore's clients are reverting to their long-term trend of raising 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	– 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	– There is good momentum in Ashmore's equities business, with AuM growth of 61% YoY and including net inflows of US$0.9 billion – Ashmore expanded its dedicated ESG fund range with the launch of sovereign and corporate funds – Risk aversion resulted in proportion of AuM sourced through intermediary retail channels dropping from 11% to 8%	– Potential constraints on longer-term growth such as competition
– Industry AuM in Emerging Markets is growing twice as fast as the developed world – This presents a significant growth opportunity in local asset management platforms, as well as cross-border Emerging Markets opportunities over the longer term	– Local asset management operations account for US$7.2 billion, 8% 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 local asset management platforms in Emerging Markets
See pages 19-27 for Ashmore's market and investment themes review	See pages 28-35 for Ashmore's business review	See pages 36-41 for Ashmore's principal risks

A DISTINCTIVE BUSINESS MODEL **TO SUPPORT GROWTH**

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

Specialist, active management delivering long-term investment performance

Ashmore's established investment processes have delivered long-term investment outperformance 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

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 that delivers meaningful 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.

Long-term 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, demonstrating resilience and protecting shareholder returns when confronted with more challenging market conditions. In particular:

- The Group's balance sheet is well-capitalised and liquid with financial resources of more than £750 million, which is more than £600 million in excess of the Group's Pillar II regulatory capital requirement and includes around £450 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 35 for Ashmore's business review

Structural growth opportunities

High-return, diversified range of Emerging Markets asset classes

Powerful political, social and economic convergence trends

Significant increase in investor allocations to match global index weights

Creating 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	Employee equity ownership is approximately 40%	
Value for shareholders	66% adjusted EBITDA margin	Strong cash generation	Progressive dividend policy

A CONSISTENT INVESTMENT APPROACH

Ashmore's investing philosophy has been implemented 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 in each asset class 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 inefficient. This manifests itself in relatively low index representation and volatility in security prices that can be heavily influenced over short time periods by factors other 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 and its extensive network of relationships means that proprietary research is an important source of investment ideas. 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

In Emerging Markets, 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.

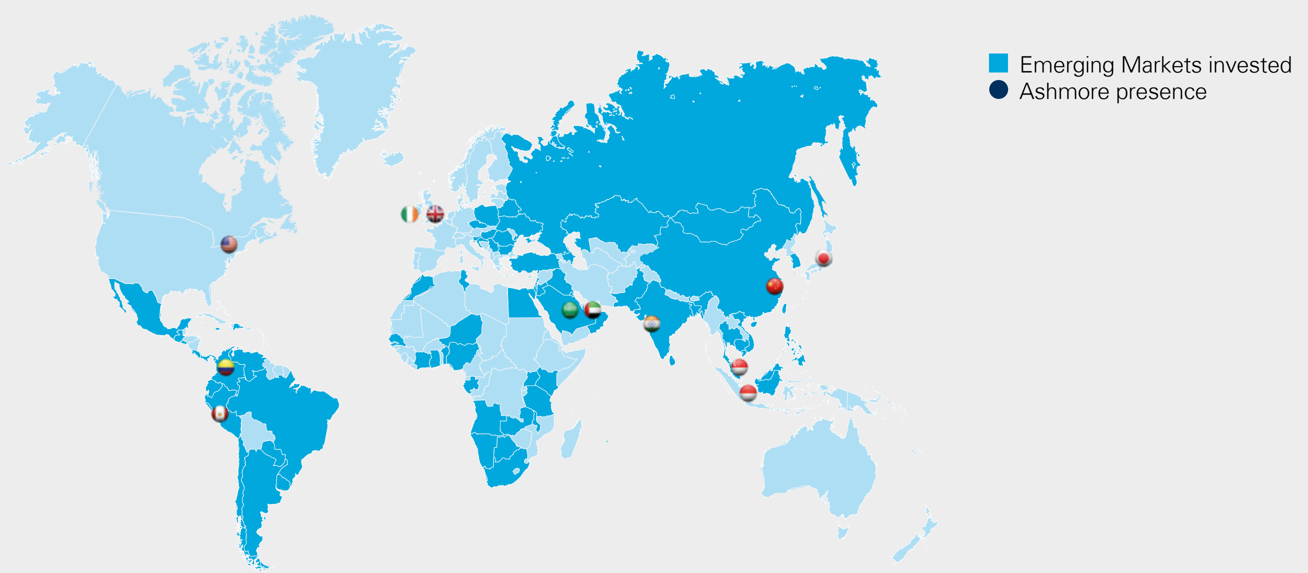
78

Emerging Markets countries represented in portfolios

6

Local platforms

Ashmore's Emerging Markets investments and worldwide network



Focus on liquidity

Ashmore has a risk-aware 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 on 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 execution outcomes to ensure that they comply with the agreed decisions.

To support the management of market liquidity, 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 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

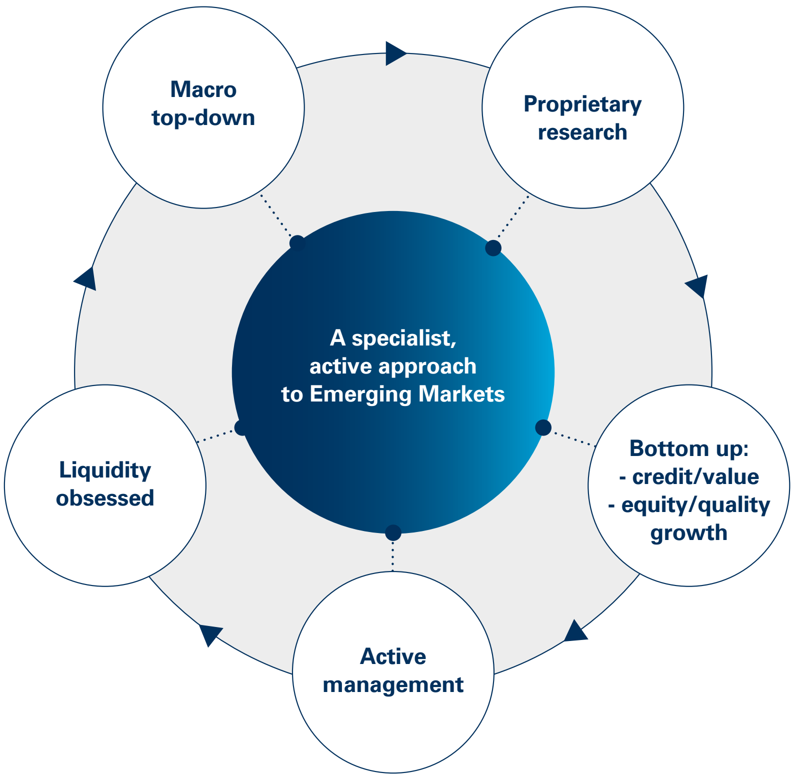
Ashmore's common investing philosophy underpins independent decisions taken by its various investment committees. Fixed income and equity investment committees oversee the management of global client portfolios, and local asset management platforms invest in local and regional markets on behalf of domestic 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. Ashmore has ESG factors integrated into all of its investment processes, covering the fixed income, equity and alternatives asset classes.

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.



Consistent delivery of long-term outperformance

Ashmore launched its first fund, EMLIP, in October 1992 and consistent implementation of the philosophy described on these pages has successfully captured the benefits of Emerging Markets growth and managed the portfolio through periods of market dislocation.

Since its inception, EMLIP has delivered annualised net returns of +12.8%, comfortably exceeding returns from its benchmark index (+9.7%).

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

99
Investment professionals

34
Global fixed income team

34
Global equity team

31
Local asset management and alternatives teams

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 and blended debt themes.

The committee comprises the 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 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.

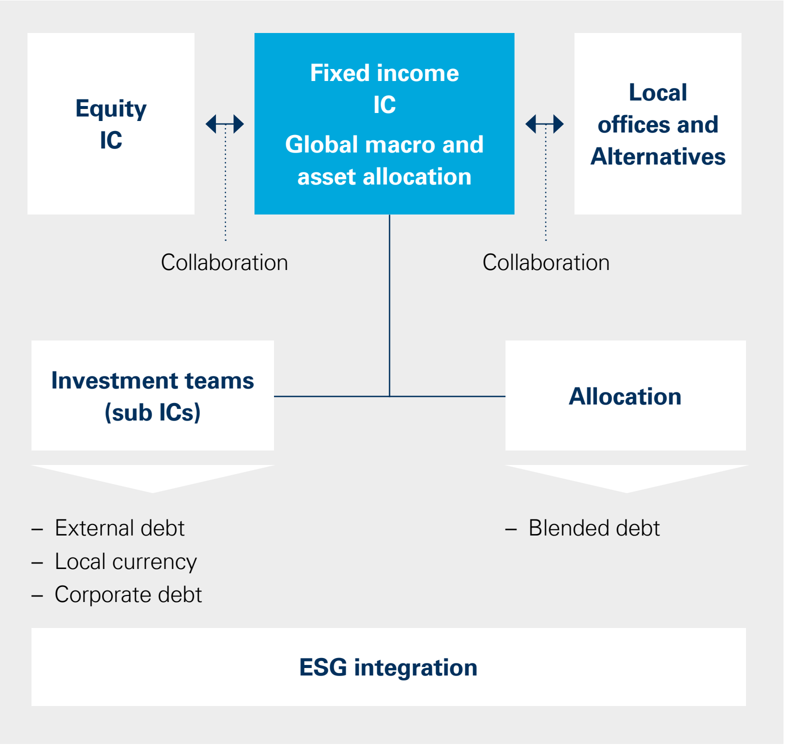
Portfolio managers have geographic responsibilities that guide their research focus, which includes meetings with government officials, central banks, regulators, company management and other contacts within Ashmore's established network.

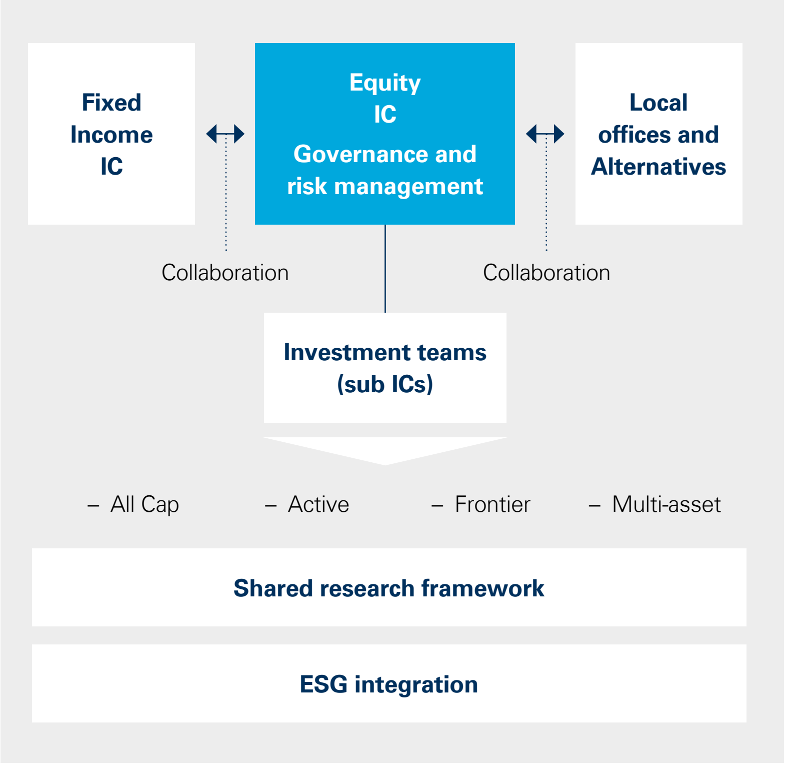
While COVID-19 has temporarily restricted travel, the breadth and depth of Ashmore's relationships means that the research process continues through virtual methods such as video conferences.

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 fixed income 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.





INVESTED IN EQUITIES

Ashmore's equity investment process follows the same philosophy and committee-based approach to active portfolio management as the fixed income process, yet is implemented independently.

Comprehensive coverage

Ashmore's equity strategies share common underlying principles. This includes the belief that Emerging and Frontier Markets are inefficient and provide strong potential for significant alpha generation through high conviction active management.

Ashmore's investment universes are unconstrained by indices and liquidity assessment is integral to both portfolio performance and risk management. Significant and sustained portfolio returns can be generated by a combination of both fundamental 'top down' and 'bottom up' research and decision making.

Committee-based approach

The global Emerging Markets equity strategies are managed by sub-committees for All Cap equity, Frontier Markets equity, Multi-asset and Active equity, in the same way that the fixed income teams operate in investment theme sub-committees. Governance and oversight is provided by the equity investment committee, which comprises the Chairman, the senior portfolio managers responsible for the equity sub-themes, and representatives from trading and risk management.

Shared research framework

There is a shared research framework that ensures efficient and consistent analysis of opportunities, and insights are available from the fixed income and local office teams, although importantly there is no prescribed house view.

ESG fully integrated

The research is fundamental and primarily proprietary in nature, and includes the explicit integration of ESG factors into the bottom-up company analysis. Ashmore's equity investment professionals typically have geographic research responsibilities and draw upon a variety of internal and external sources to generate investment ideas.

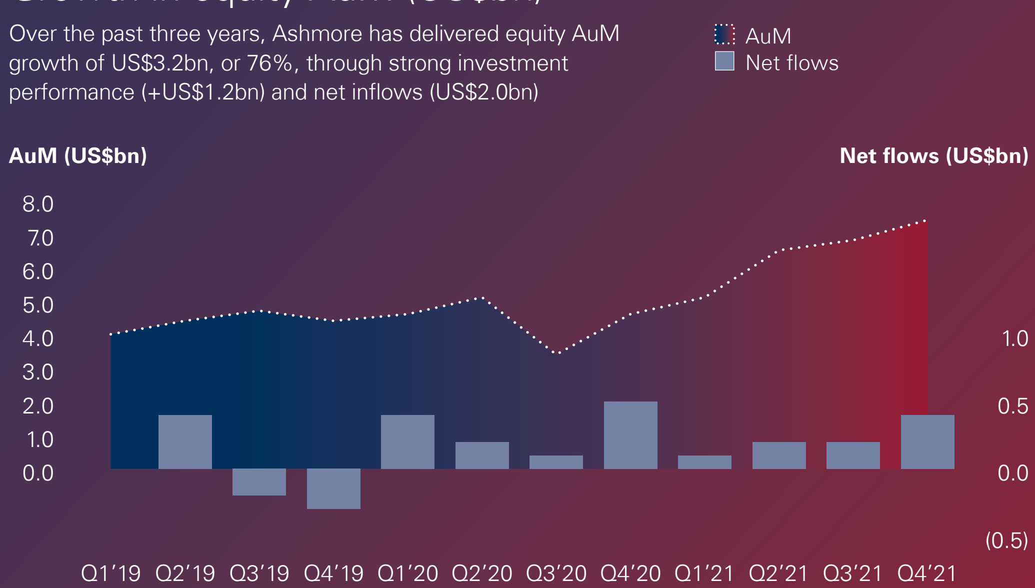
Strong investment performance and consistent flows

The equity investment teams have delivered strong outperformance across all strategies, with gross annualised alpha of between 0.7% and 9.1% over the past three years.

This has led to decent AuM growth through a combination of investment outperformance and, notwithstanding market volatility, net inflows to equity products for eight consecutive quarters.

Growth in equity AuM (US$bn)

Over the past three years, Ashmore has delivered equity AuM growth of US$3.2bn, or 76%, through strong investment performance (+US$1.2bn) and net inflows (US$2.0bn)



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 more than 300 employees in 11 offices worldwide today.

Defining and maintaining culture

Culture is ultimately a reflection of common beliefs and behaviours, and therefore is of utmost importance in a firm whose employees are one of its key assets. Ashmore's distinctive team-based culture is evident across the firm and instilled and maintained by factors such as the Group's performance-based remuneration philosophy with an emphasis on long-term equity ownership, 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 with significant long-term growth potential. Importantly, the culture aligns the interests of employees, clients, shareholders and other stakeholders over the longer term; it supports and reinforces the principal features of the business model; and it underpins the achievement of the Group's strategic objectives.

Ashmore has maintained its culture through many market cycles and significant growth in the firm's operations, including the establishment of global operating hubs and distribution offices in New York, Dublin, Singapore and Tokyo, and also the development of local asset management operations 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.

Efficient, team-based operations

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

The firm's investment committees oversee the management of client portfolios by investment teams, which operate with collective responsibility. There is a 'no star' fund manager culture, with no individual responsible for a discrete fund, which reduces key man risk and instils appropriate behaviour with committee oversight.

This team-based approach is echoed across Ashmore's operations including distribution and support functions, and its overseas offices. This results in 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 for all Group employees, means that Ashmore's employees are suitably incentivised to collaborate in order to achieve appropriate outcomes for the business as a whole.

Remuneration philosophy underpins the culture

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

The cap on salaries and capped annual variable remuneration pool determined with reference to the firm's profits means that employees' remuneration is intrinsically linked to the performance of the business as a whole. A significant proportion of the variable pay is in the form of restricted ordinary shares that vest after five years. This serves to encourage long-term decision making and provides a strong alignment of interests between employees, clients, shareholders and other stakeholders. Accordingly, approximately 40% of Ashmore's shares are owned by current employees.

Ashmore's Remuneration Committee is guided by clear principles of discretion and flexibility, alignment with stakeholders, consistency across the Group, and pay for long-term performance

Find out more on page 83

INVESTED IN PEOPLE

Ashmore is committed to diversity, career development, health and safety, workplace benefits and a Remuneration Policy that delivers a long-term alignment of interests with clients and shareholders.

High standards

Ashmore's long-term strategic success is ultimately dependent on its more than 300 employees and hence it aims to attract, develop, manage and retain high-calibre people.

Recognising the diverse nature of its operations across 11 countries, Ashmore's policies and procedures reflect best practice within each of these countries and the firm requires its employees to act ethically and to uphold clearly the standards expected by the Group's stakeholders including its clients, regulators, shareholders and broader society.

Long-term employee loyalty

The effectiveness of Ashmore's commitment to and ongoing investment in its employees is demonstrated by their loyalty to the firm. As a consequence of the team-based culture and performance-based and equity-focused remuneration philosophy, Ashmore enjoys relatively low levels of unplanned staff turnover that have averaged below 10% for the past five years and fell to below 7% in FY2020/21. This means that nearly two-thirds of Ashmore's staff have been with the firm for more than four years, and 20% joined the firm more than a decade ago.

Experienced and diverse workforce

Ashmore's employees are experienced, as the chart below shows. Ongoing career development is important and the firm supports professional development and qualifications that will support employees in maintaining and developing their skills and competences. Furthermore, the Group's network of offices around the world allows it to consider providing individuals with different business and career opportunities.

Employees key to successful business model

The professionalism and commitment of Ashmore's employees was a major factor in the firm's ability to move swiftly and successfully to a remote-working environment in early 2020, and to maintain the effectiveness of its business model throughout the current financial year.

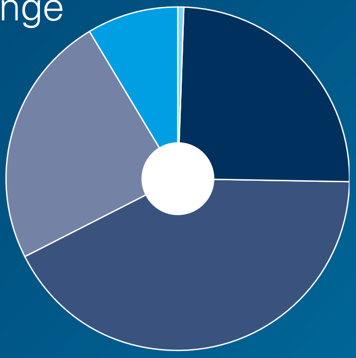
As vaccination programmes provide governments with the ability to ease social restrictions, Ashmore looks forward to reopening its offices and to reinforcing the values that provide its employees with the potential for rewarding long-term career development.

See page 24 for more information on diversity

> **Ashmore's commitment to its employees is illustrated by consistently high retention rates.**

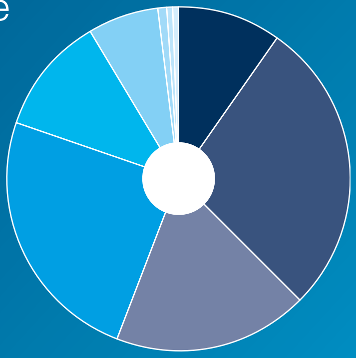
Employee age range

- 18-24 – **1%**
- 25-34 – **25%**
- 35-44 – **42%**
- 45-54 – **24%**
- 55-64 – **8%**



Length of service

- < 1 year – **10%**
- 1-3 years – **28%**
- 4-6 years – **18%**
- 7-9 years – **24%**
- 10-12 years – **11%**
- 13-15 years – **6%**
- 16-18 years – **1%**
- 19-21 years – **1%**
- 37-39 years – **1%**



DELIVERING STRONG PERFORMANCE

The Group's established business model has operated as expected over the past 12 months and delivered strong investment performance, higher performance fees and a return to net inflows in the second half of the year. While there was strong growth in statutory profits, lower adjusted profits reflect the stage of the recovery cycle.

Strong investment performance

Ashmore's active management of client portfolios has delivered exceptionally strong performance across all investment themes over the past 12 months, resulting in 96% of AuM outperforming benchmarks over one year. The longer-term track records are also robust with 57% of AuM outperforming over three years and 79% over five years.

As anticipated, this represents a significant improvement from a year ago, when the initial impact of the COVID-19 pandemic led to severe risk aversion and market dislocations and consequently some underperformance (30 June 2020: 9% AuM outperforming benchmarks over one year; 17% over three years; and 74% over five years). Notwithstanding that this cycle has its own distinctive features, Ashmore's experienced investment teams ensured that the investment processes followed a consistent approach in identifying oversold assets, subsequently adding risk to portfolios, and maintaining a diligent focus on liquidity.

The pace and scale of the market recovery has to some extent mirrored the sharp market drawdown in early 2020, but, as described in the Market review, the combination of a positive macro-economic outlook and attractive valuations across both fixed income and equity markets means that investors should expect further outperformance by Emerging Markets assets. While the trajectory of the recovery is unlikely to be linear and there will inevitably be periods of price volatility, Ashmore will continue to exploit these market opportunities to add value to portfolios and underpin its successful long-term investment track records.

Robust business model

With the notable exception of a period of remote working, discussed further below, Ashmore's business model has remained unchanged through this cycle and has continued to deliver significant benefits for its stakeholders, including clients, employees and shareholders.

The conservative financial model, with an emphasis on balance sheet strength and operating cost flexibility, has ensured stability in the operating platform, with uninterrupted operating processes, high levels of employee retention, strong profit growth, and continued investment in the business to support the achievement of strategic objectives.

- Well-capitalised, liquid balance sheet with over £750 million of financial resources and a Pillar II capital requirement of £156 million
- Adjusted operating costs reduced by 2%
- Operating profitability maintained, with an adjusted EBITDA margin of 66%
- Unplanned employee turnover of less than 7%
- Profit before tax increased by 28% and diluted EPS increased by 33% to 34.2 pence per share
- On an adjusted basis, diluted EPS fell by 11% to 23.3 pence per share

The strength of Ashmore's team-based culture has served it well over the past 18 months, a period during which remote working has been the norm for most of the Group's employees, but the culture is ultimately reinforced by employees working together in close-knit teams in an office environment. Therefore, as governments around the world review and ease social restrictions over the coming months, Ashmore hopes to re-open its office network and steadily return to previously established operating practices. Undoubtedly, some of the working practices developed during the remote working period will persist, particularly the intelligent use of communications technology that may allow for greater efficiency. However, the Ashmore investment processes, distribution model and other functions will still place a heavy emphasis on establishing and developing long-term relationships and knowledge that is best achieved through physical meetings.

79%
AuM outperforming over five years

US$10.8bn
AuM growth over the past 12 months

Continued growth in equities

The equities business has good momentum, with AuM growth of +61% or US$2.8 billion over the past 12 months. Excellent investment performance has been delivered across all strategies over the past 12 months with absolute returns of 41% to 66%, and nearly 1,700 basis points of outperformance in the All Cap strategy. This track record is delivering decent client flows, with net inflows of US$0.9 billion over the past 12 months and eight consecutive quarters of net inflows to the Group's equity strategies.

Ashmore's equity investment committee and the teams it oversees operate independently of the fixed income investment process, providing diversification benefits, but there is collaboration and sharing of investment research and insights between the two asset classes. For example, the equity teams have the ability to draw upon long-standing, specialist expertise in Emerging Markets macro-economic and political analysis if required.

Continued growth in equity assets under management is a strategic priority for Ashmore, consistent with its objective to diversify its business in order to provide multiple independent sources of fee income. With just under 10% of Group AuM invested in equity strategies, and no capacity constraints in terms of investment capabilities, operational processes, or market size, there is significant growth opportunity in this business and over the medium term it should represent two to three times the current proportion of AuM.

Strategic opportunity in intermediary retail

Similar to the strategic opportunity in equities, the Group intends to increase the proportion of assets managed for intermediary retail clients, to provide diversification alongside its institutional client base. While there is no single type of intermediary client, in the same way that institutional investors all vary in their objectives and behaviour, it is observable that intermediary retail clients tend to be more sensitive to short-term market conditions and investment performance, and therefore usually have shorter holding periods than the typical institutional investor. Nonetheless, over time intermediary retail capital could represent 20% to 30% of Ashmore's assets under management, a significant increase from the current level of 8%. In addition to diversification of the client base, growth in intermediary retail assets also benefits the Group's net management fee margin.

Over the past year, it is notable that Ashmore's intermediary retail clients have been relatively slow to return to Emerging Markets. While there is a positive trend in terms of reducing net outflows over the period, cumulatively intermediary retail flows reduced AuM by US$2.9 billion over the 12 months and investment performance added US$1.3 billion.

Therefore, while the 8% of AuM from intermediary retail clients is broadly similar to a year ago, it is lower than the 15% reached before the impact of the COVID-19 pandemic. In contrast, the institutional business delivered net inflows of US$4.1 billion over the year, largely as a consequence of typically direct relationships with the investors, and the fact that, on average, Ashmore's institutional assets have been managed by the firm for more than eight years and therefore the investors have more experience of market cycles and the opportunities that they can present.

Increasing importance of investment grade credit

The ongoing development of emerging countries means that an increasing number of countries and companies have achieved investment grade (IG) status. For example, IG bonds now represent more than half of the external debt and corporate debt benchmark indices (53% and 57%, respectively). While there will inevitably be cyclical influences on issuers' ratings, the growth in IG issuance is expected to continue and is a trend that is echoed in the demand by investors as they recognise the attractive characteristics of the IG asset class such as lower volatility during periods of risk aversion, stronger macro-economic fundamentals, higher yields than developed world bonds, increasing diversification, no defaults and therefore good risk-adjusted returns.

Ashmore provides access to investment grade strategies across the four fixed income investment themes of external debt, local currency, corporate debt and blended debt, and manages portfolios in both mutual fund and segregated account structures. Investment performance is strong, for example the corporate debt IG strategy has a gross annualised return of +9.3% over three years and has significantly outperformed its benchmark index return of +7.1%.

Over the 12 months, Ashmore has continued to experience good demand for investment grade strategies from both existing and new institutional clients, and its strong investment performance underpins the potential for further capital raising.

Local offices performing well

The third phase of Ashmore's strategy focuses on mobilising Emerging Markets capital, including managing assets locally for domestic institutional and intermediary retail clients in certain emerging countries. Ashmore currently has local asset management operations in Colombia, India, Indonesia, Peru, Saudi Arabia and the United Arab Emirates, and has a financial investment in an onshore mutual fund business in China.

Collectively, these businesses represent more than US$7 billion of assets and delivered AuM growth of +44% over the past 12 months. The platforms are performing well and each has a highly scalable operating model, replicating the Group's disciplined approach to managing operating costs and a simple, common operating infrastructure. This means that as AuM grows, the profitability of these businesses is trending towards the Group's level.

During the period there was particularly strong asset growth in India and Indonesia, significant new institutional client wins in Saudi Arabia, and in Colombia the Group is marketing its third private equity fund and a regional real estate fund. Following its IPO in January 2020, and consistent with its strategy to use technology to access new distribution channels and improve access to financial services, Ashmore Indonesia invested in BIB, a local online distribution platform, in December 2020.

Significantly, although the offices are designed primarily to raise and manage domestic capital, most of them also manage assets for the Group's larger institutional clients, where the investor wishes to take single country or regional risk, have it managed by the local investment team, and within the Ashmore Group governance and risk management framework.

The local businesses should continue to contribute to Ashmore's growth and profitability over the longer term as each of the local management teams delivers on its strategic objectives and participates in the development of an independent asset management industry in its country. These platforms also help to diversify the Group's revenues and profits through independent investment processes, uncorrelated investment returns and different product structures and client bases. Ashmore will consider opportunities to expand the local office network, through scaling up and diversifying the existing businesses, and by considering new markets with attractive growth characteristics.

An integrated approach to sustainability

Sustainability, including the consideration of environmental, societal and governance (ESG) factors, has always been an important topic for companies and for investment managers, but issues such as the impact of climate change, employee diversity and remuneration incentives are under increasing scrutiny from investors, regulators, politicians and other stakeholders.

Ashmore has developed a comprehensive and consistent approach to sustainability across its operations and investment management activities. The Board is ultimately responsible for ESG matters and has delegated the day-to-day oversight and management to a specialised ESG Committee. This committee meets frequently and regularly, and has representatives from across the firm, including the local offices, ensuring that relevant ESG matters are brought to the attention of all concerned and that the approach to sustainability is consistent across the Group.

> **Ashmore's active management of client portfolios has delivered very strong performance across all investment themes over the past 12 months.**

The consideration of ESG factors is integrated into all of Ashmore's investment processes, covering fixed income, equity and alternatives strategies, and the Group has launched a range of dedicated ESG funds in the external debt, corporate debt, blended debt and equity themes. It has been a signatory to the UNPRI since 2013 and, to support the achievement of the UN Sustainable Development Goals, it is a signatory to the UN Global Compact.

Environment

From an operational perspective, the asset management business model does not have a significant direct impact on the environment. For example, there are no long, complex supply chains with material environmental considerations, the 'product' is investment performance, and the firm's assets are predominantly people and financial instruments including cash. However, travel and office occupancy is inherent in Ashmore's business model, both of which result in modest levels of greenhouse gas emissions. Ashmore has an objective to achieve net zero emissions from its operations, and while the ability to reduce materially the gross emissions is limited, through The Ashmore Foundation[1] the Group seeks to offset its gross emissions each year by supporting environmentally and socially beneficial projects in developing countries.

From an investment perspective, Ashmore joined two important industry initiatives during the period: the Net Zero Asset Managers Initiative and the Climate Action 100+ industry group. Respectively, these will help the Group define and manage a net zero plan, with an interim target to be set over the next 12 months, and will enable Ashmore to collaborate with other investors to achieve environment-related outcomes with certain investee companies.

Society

Ashmore wishes to be recognised as a responsible company that has a positive impact on society. The definition of society is broad, but includes the Group's clients, employees, shareholders and other stakeholders. Of particular importance to Ashmore's approach is The Ashmore Foundation, which provides grants to projects that seek to make a positive and sustainable difference to disadvantaged communities in the developing countries in which Ashmore operates and invests.

1. 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.

To enhance the impact and sustainability of the Foundation's projects and to increase the overall scale of the Group's philanthropic activities, the Board approved an annual charitable contribution equivalent to 0.5% of the Group's profit before tax excluding unrealised seed capital gains. This means that in respect of FY2020/21, the Group made a payment of £1.0 million to The Ashmore Foundation and other charitable activities.

Governance

Ashmore is a UK company with a premium listing on the London Stock Exchange and at all times seeks to comply with, and to respect the spirit of, relevant laws and regulations, with the objective of upholding robust standards of corporate governance. This means that for its local offices, Ashmore will impose the higher of local or global standards in order to ensure that governance is appropriate.

Employees and culture

For many Ashmore employees, the past year has been challenging with all of the Group's offices remaining closed, or experiencing intermittent re-openings, in line with local government guidance and laws. On behalf of the Board, I would like to thank everyone for their hard work and unwavering commitment to delivering strong performance for our clients, for upholding high standards of professionalism and conduct while working remotely, and for helping to maintain Ashmore's distinctive, team-based culture even in the absence of face-to-face contact.

As vaccination programmes deliver tangible results, governments around the world can start to ease the social and economic restrictions that have characterised the past 18 months. This will enable Ashmore to return to the office-based operating model that has served the firm well for the vast majority of its life, and to reinforce the social connectivity that inevitably has become looser after a protracted period of remote working. While the remote working environment has been challenging, it has also highlighted how the innovative use of technology can play a meaningful role in the industry, and so Ashmore will keep its operating model under review in order to ensure that it optimises the culture of the firm, its effectiveness for clients, and overall productivity.

Outlook

The recovery in economic performance is well-established across the Emerging Markets, with superior GDP growth to the developed world and a widening of the growth premium expected over the next few years. Importantly, after an initial lag, vaccination rates in the developing world have accelerated and are expected to match the levels achieved in developed countries by the end of 2021. This underpins the growth outlook as governments can ease restrictions and allow economies to reopen, leading to higher levels of domestic activity and international trade.

In aggregate, developing countries are emerging from the COVID-19 pandemic in a stronger position than Developed Markets. Economic growth is higher, debt levels are manageable even after the recent fiscal stimulus, inflation is under control and hawkish central banks should ensure that remains the case, and valuations remain attractive and should support continued capital flows.

The main risk to a positive outlook for Emerging Markets is a period of widespread investor risk aversion, which history suggests would typically follow an unexpected event in the developed world rather than an isolated development in one of the more than 70 different emerging nations. While current US inflation suggests that there is a possibility of significantly higher interest rates, this is mitigated by the very high US government indebtedness and the potential for inflation to drift lower over the next 12 to 24 months as base effects roll off and deflationary pressures increase. Furthermore, as explained in the Market review, the impact on Emerging Markets is likely to be less severe than in the 2013 to 2016 cycle given the significant improvement in economic conditions and the low absolute level of nominal and real US interest rates today. Indeed, a world in which there is decent growth, some inflation, and steadily rising US rates from current levels is a good environment for the performance of emerging countries and their capital markets.

Therefore, the outlook for the economic and market performance of emerging countries is positive and arguably more favourable than it appeared a year ago. Valuations in Emerging Markets do not fully reflect this outlook, and there is a clear opportunity for investors to continue to increase allocations from underweight levels and to capture substantial absolute and relative value across the fixed income and equity asset classes.

Against this market backdrop, Ashmore's investment performance track records position the firm well for asset growth and the business model has successfully managed another market down cycle and is demonstrating the benefits of its consistent and conservative approach as conditions normalise. The past 18 months have had the specific challenges of remote working, but there is now the real prospect of a return to more normal working patterns over the course of the coming months. Therefore the firm looks to the current financial year and beyond with confidence.

Mark Coombs
Chief Executive Officer

2 September 2021

MEASURING **PERFORMANCE**

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.

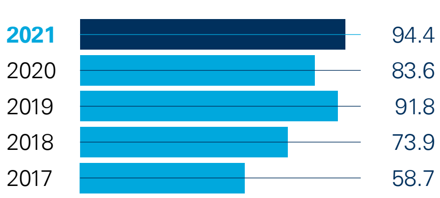
The Group's success is dependent on delivering investment performance for clients, who typically look at performance over the medium to long term.

Five-year trend

Assets under management

US$94.4bn

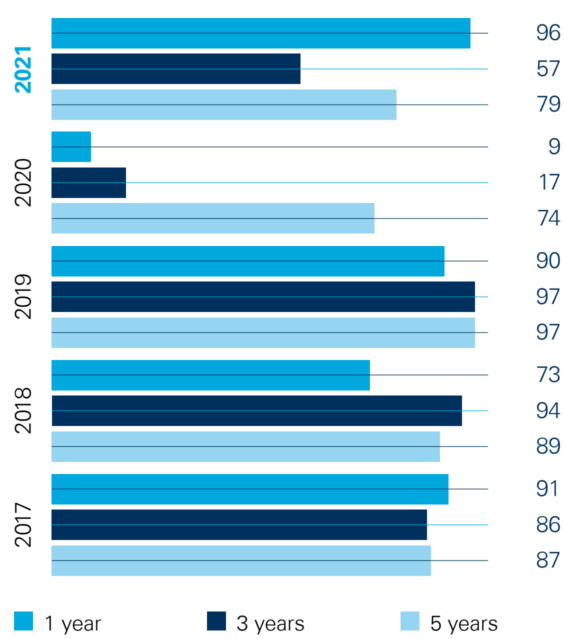
2020: US$83.6bn



Investment performance (outperforming over three years)

57%

2020: 17%



Adjusted EBITDA margin

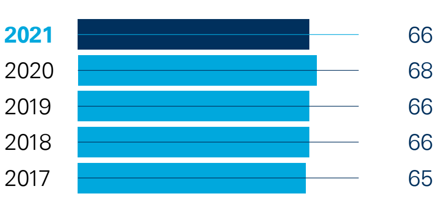
The adjusted EBITDA margin measures operating profit excluding depreciation and amortisation against net revenues. To provide a meaningful assessment of the Group's operating performance, the measure excludes foreign exchange translation and seed capital items.

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

66%

2020: 68%



Diluted EPS

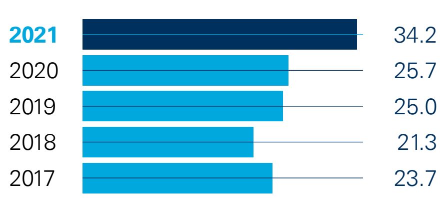
Profit attributable to equity holders of the parent divided by the weighted average of all dilutive potential ordinary shares.

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

34.2p

2020: 25.7p



Balance sheet strength

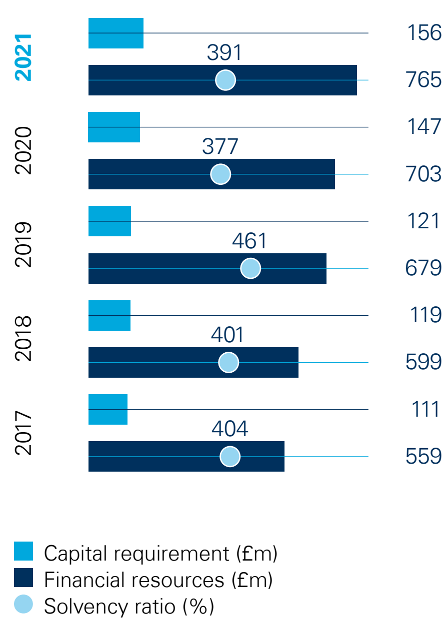
The Group maintains a strong balance sheet through the Emerging Markets cycle. This is measured by the total value of capital resources available to the Group, defined as capital and reserves attributable to equity holders of the parent less: goodwill and intangible assets, material holdings and foreseeable 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

391%

2020: 377%



INVESTED **LOCALLY**

Arguably the most significant change in Emerging Markets investing over the past 30 years has been the creation of local currency markets, which offer diversity and resilience within the asset class. Ashmore's strategy to mobilise local capital and to grow a network of local asset management platforms is aligned with this important structural capital markets development.

Increasing scale and importance

The Emerging Markets investment universe is US$71 trillion of which US$66 trillion is in local currency-denominated equities and bonds, with new issuance biased towards these markets. The markets are predominantly owned by domestic investors, but there is increasing foreign participation as governments and central banks liberalise their domestic capital markets. These markets provide an increasing diversity of investment opportunities and greater economic resilience in the face of external shocks.

Diversification and growth

Ashmore accesses the growth opportunities in these local markets through its broad equity and fixed income strategies, but also through its network of local operations in Colombia, India, Indonesia, Peru, Saudi Arabia and the United Arab Emirates.

The local asset management platforms raise capital domestically and invest in the local private and public markets. The investment processes are run independently from, but interact frequently and regularly with, the Group's global investment committees, as described in the Investment processes section. The network therefore provides Ashmore with diversification in terms of investment strategies, risk/return profiles and clients.

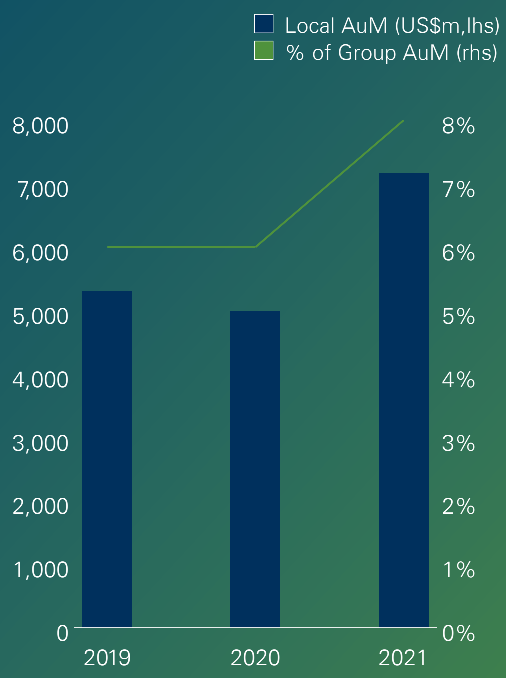
Importantly, the businesses are managed by employees from the local markets, thus creating a culture that is respectful of local market norms and sensitivities. Each business also reflects Ashmore's distinctive remuneration philosophy with its bias towards performance-related pay and long-term equity ownership.

From a governance perspective, Ashmore is typically the majority shareholder with Board representation and oversight of budgets. Frequent senior management meetings, dual-reporting lines to Group functions, a single shared operating infrastructure and the application of the higher of local and global regulatory and compliance standards, provide a robust operating model.

Ashmore's local asset management platforms are highly scalable and contribute to the Group's overall growth. In line with its strategic objective to mobilise Emerging Markets capital, Ashmore actively seeks to enhance the diversification and growth profile of the existing businesses as well as to pursue opportunities to expand the network.

Significant local business developments last year

- Total AuM growth of 44% in FY2020/21 to over US$7 billion
- Ashmore Indonesia invested in BIB, a digital distribution platform
- Significant new institutional client wins by Ashmore Saudi Arabia
- Marketing Latin America infrastructure and real estate funds



INVESTING IN ATTRACTIVE MARKETS

Strong market performance over the year

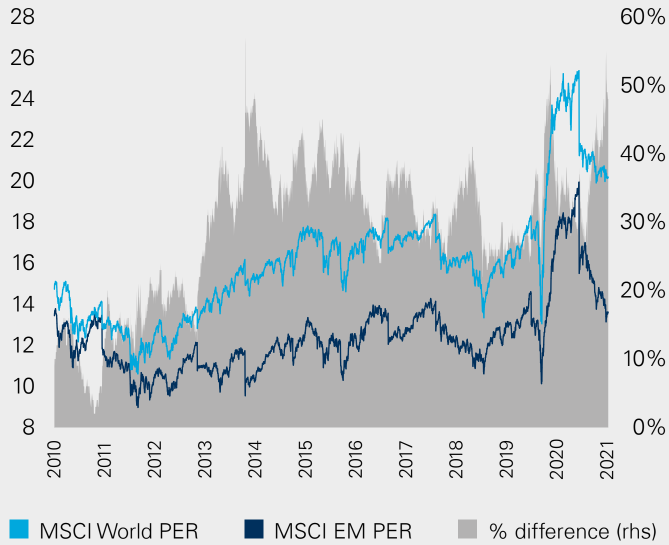
Emerging Markets have performed strongly over the past fiscal year, delivering positive absolute returns and mostly outperforming developed world counterparts. This is typical for the early transition phase of a cycle, as asset prices move from oversold levels, in this case immediately after the onset of the COVID-19 pandemic in early 2020, and start to reflect more positive longer-term fundamentals including the ongoing tailwinds of superior economic growth and more attractive valuations in Emerging Markets compared with Developed Markets.

Broadly, markets have recovered to pre-pandemic levels although valuations are typically cheaper, for example, the sovereign external debt index trades at 340 basis points over US Treasuries compared with below 300 basis points at the end of 2019.

Equity markets, as represented by the MSCI EM index, rose by +41% over the 12 months, marginally outperforming the S&P 500 index (+39%), and delivered positive returns in every quarter of the year. Fixed income indices also performed well, with positive returns in three of the four quarters and declines in the third quarter to March 2021 as global fixed income markets repriced for higher inflation expectations, particularly in the US. For the year overall, the main Emerging Markets fixed income indices increased by +7% to +9% over the 12 months, compared with a negative return of -4% from the 10-year US Treasury bond and a -5% decline in the US dollar trade-weighted index.

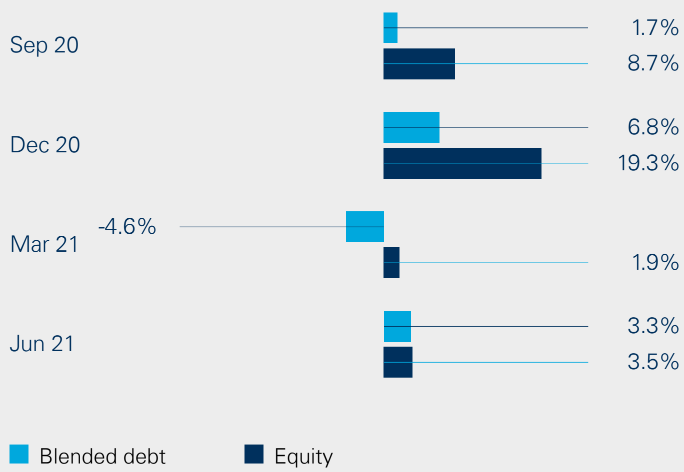
Economies, and therefore markets, around the world are today in a transition period, between the severe growth and societal shock experienced in early 2020, and the return to normal conditions that is predicted as vaccination programmes take effect and allow restrictions to ease. This transition period is experienced in every market cycle, and results in elevated market volatility as a consequence of the inherent uncertainty being faced: the 'bad' conditions of last year are known, and the 'better' future conditions are hoped for but are not certain. In this specific cycle, the recovery path of the pandemic is overlaid with the uncertainty associated with the impact of monetary and fiscal stimulus on inflation, growth, bond yields and policy rates, both in the short term and the longer term.

Emerging Markets equities trade at significant forward price/earnings ratio discount



Source: MSCI, JP Morgan, Ashmore

Variation in quarterly performance of Emerging Markets indices over the 12 months to 30 June 2021



Source: MSCI, JP Morgan, Ashmore

Near-term macro opportunities and risks

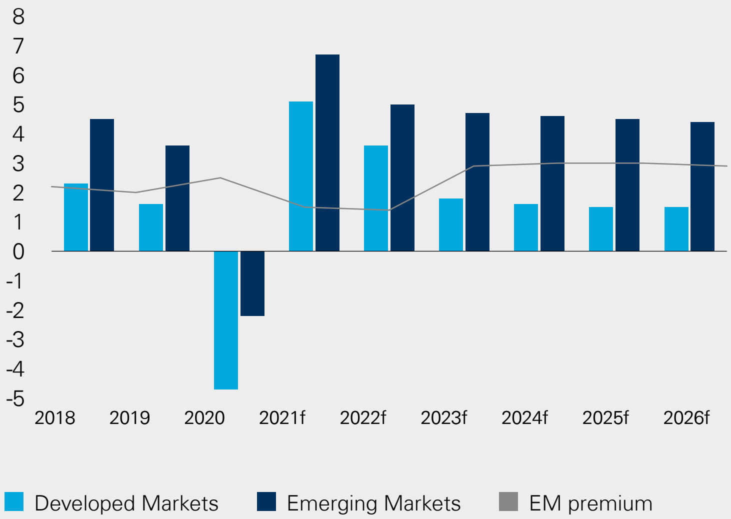
The progress of vaccination programmes is critical to both developing and developed countries, because this will determine the pace of economic and social recovery. The developed world has so far led vaccination rates, but as these approach critical levels then these countries can make more vaccines available to other countries. Consequently, vaccination rates in large emerging countries have accelerated in recent months.

Importantly, Emerging Markets' well-established GDP growth premium has been maintained throughout the pandemic period: in aggregate, emerging nations experienced a shallower recession than the developed world in 2020, and are forecast to deliver a faster economic recovery in 2021 and 2022.

Many countries responded to the economic shock by delivering fiscal expansion and monetary stimulus through cuts to policy rates and, in developed economies, even greater use of unconventional methods such as quantitative easing. A critical difference is that emerging countries typically have lower and more manageable debt/GDP ratios than developed countries, and were able to cut policy rates from a position of high real rates rather than low, or even negative, real rates that prevail in the developed world. Indeed, even though US rates are likely to increase at some point over the next year or two, the pace of tightening is expected to be gradual and rates are likely to remain negative in real terms for the foreseeable future. Therefore financial conditions, and risk appetite, will continue to be supportive for Emerging Markets.

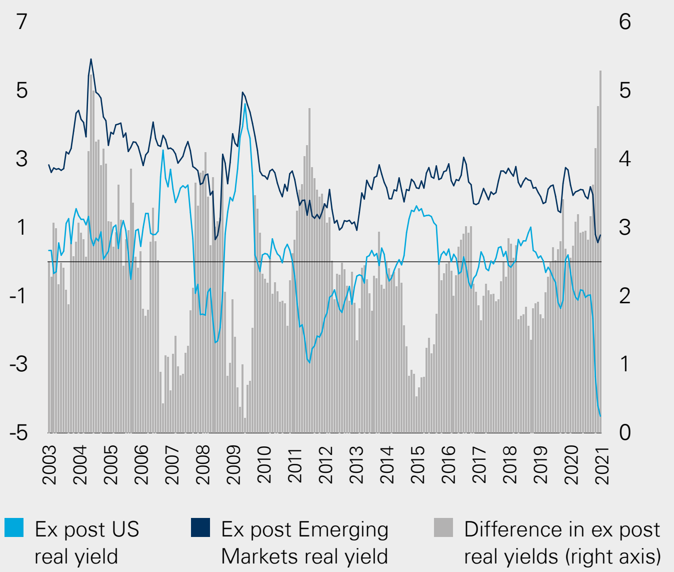
Another consequence of the recent stimulus is higher inflation, and in the early part of calendar 2021 there was a repricing of inflation expectations in global rates markets. While inflation is likely to remain high in some countries, like the United States, over the short term because of base effects and the recent rise in commodity prices, the principal uncertainty is to what extent, and for how long, the current levels of inflation will persist. It is possible that the rolling over of base effects, some deflationary impact from higher unemployment as government support schemes end, and central bank rate rises mean that inflation will start to abate over the next 12-18 months.

EM GDP growth premium (%)



Source: IMF, Ashmore

Real bond yields (%)



Source: Ashmore, Bloomberg, JP Morgan

Significantly, some central banks in emerging countries have already acted sensibly to anchor inflation expectations, and the impact of a more hawkish policy mix has supported currencies given the wider interest rate differentials. Therefore, while inflation is a common theme and of potential concern to investors across both developed and developing countries, the prevalence of inflation-targeting policy regimes and independent central banks across Emerging Markets, together with the returns offered by high real interest rates, add to the attractions of the Emerging Markets asset classes.

Notwithstanding the market's focus on inflation and the Fed's assessment of and reaction to the data, there is unlikely to be a material impact on Emerging Markets from expectations of higher US interest rates such as was experienced in the 2013 to 2016 period. The following significant differences in macro conditions between 2013 and now underpin this view:

- In 2013, the rise in nominal US Treasury yields was driven by the Fed's indication that it would taper its quantitative easing programme, and the market swiftly priced in rate increases even though they did not occur for another 2½ years. In the absence of higher inflation expectations, real yields also increased and so the tighter financial conditions had an adverse impact on Emerging Markets.
- In 2021, the rise in nominal yields has been driven by higher inflation expectations and so real yields have risen only modestly, and remain negative across the US Treasury curve. Therefore financial conditions are still supportive and are likely to remain so even as the Fed increases its policy rate.
- Emerging countries have robust external accounts with, in aggregate, a current account surplus of more than 1% of GDP, compared with a 2% deficit in 2013.
- The valuations of Emerging Markets currencies are close to historical lows in both real and nominal terms, whereas they were closer to fair value in 2013.
- The recent rally in commodity prices has benefited the terms of trade and supports the creditworthiness of exporters, whereas prices were falling in 2013. If commodity prices remain around current levels then capital and current accounts should continue to benefit, which in turn will support Emerging Markets currencies.

As ever, the outlook for the US dollar is important when considering the performance of Emerging Markets, from a fundamental perspective but also because most investors measure returns in US dollar terms. While the fundamental picture is complex, and will vary by country, the performance of the US dollar has implications for investor risk appetite generally and there is a strong long-term correlation between the US dollar and the relative performance of Emerging Markets local asset prices. While there will inevitably be periods of intermittent strength, the combination of high US current account and fiscal deficits, high foreign investment in US assets, a less productive US economy as the government has increased its share of debt, and the prospect of higher taxes to address inequality suggests that the currency will weaken over the medium term. This would be positive for Emerging Markets, in terms of capital flows broadly and specifically for investment returns in local currency bonds, currencies, and equities.

Finally, from a technical perspective there is the prospect of a decent tailwind for Emerging Markets. The limited investment grade issuance and negative yields in the US market should encourage crossover investors to seek duration, yield and issuance volumes in Emerging Markets.

Powerful structural growth drivers

When looking beyond the short-term factors described above, there are strong and varied drivers of growth and investment opportunities across the Emerging Markets. None of these has been impaired by the most recent pandemic-related cycle, and indeed in the case of valuations there are even more attractive opportunities to access these growth themes today.

1. Large investment universe, dominated by local currency assets

The total Emerging Markets investment universe is approximately US$71 trillion, comprising US$34 trillion in fixed income issuance and US$37 trillion of equity market capitalisation. Importantly, the majority of securities are denominated in local currencies, with only US$5 trillion of the total representing hard currency sovereign and corporate bonds.

2. Low index representation

Despite the size, growth and vast opportunity set of the Emerging Markets investment universe, it remains significantly under-represented in benchmark indices. For example, only 17% of bonds and 22% of equities are included in the main indices, although the representation is higher in the more established, but smaller, hard currency asset classes.

As index representation increases over time, for example as countries lower or remove capital controls to allow foreign investors to access their local bond markets, then this will provide a tailwind to investor allocations. An important development in the past year was the inclusion of China's local currency government bonds in the JP Morgan benchmark index, which means that the country is now 10% of the index and represents around US$200 billion of securities.

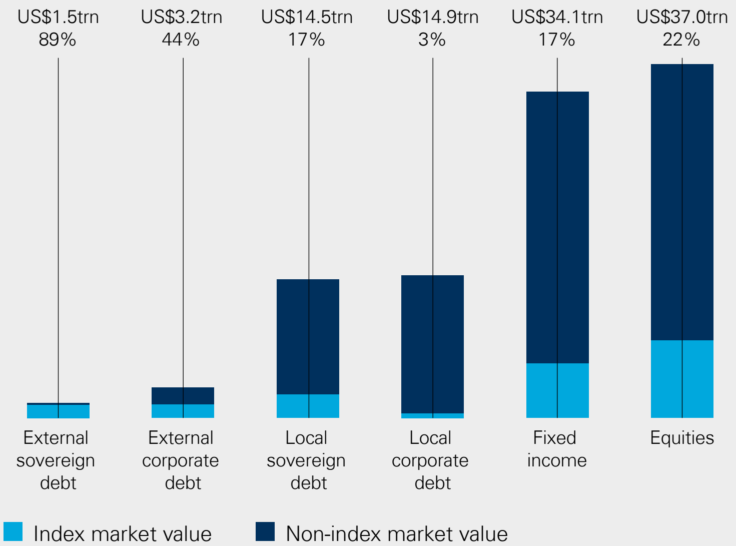
In the meantime, the low level of indexation provides a substantial barrier to entry for passive substitutes and means there is a sizeable opportunity for active managers such as Ashmore to deliver alpha from investing in both benchmark and non-benchmark securities. To provide some context, JP Morgan estimates that approximately 18% of the US$0.5 trillion of Emerging Markets fixed income mutual fund assets are in exchange-traded funds, which can act as a loose proxy for passive AuM. The figure is higher for Emerging Markets equities at 35% of the US$1.5 trillion mutual fund sample, and both figures have increased over the past year (from 15% and 31%, respectively). However, this illustrates that for mutual fund investors, there continues to be a strong preference for active management to access the diversified risks and returns available across the Emerging Markets investment universes.

3. Local currency funding

Arguably the single most important structural capital markets development in Emerging Markets over the past few decades is the establishment of and growth in local currency bond markets, which today represent more than 85% of all sovereign and corporate bonds outstanding. The move from external funding to domestic local currency funding is a natural one for a country to take as it establishes domestic yield curves and supports the development of long-term institutional investors such as pension funds. It has important positive implications for the country's ability to withstand exogenous shocks, although to be successful it has to be accompanied by high-quality policy making.

The impact of these different funding regimes has been seen over the past 18 months, with external debt-funded countries facing greater constraints on their ability to use fiscal and monetary stimulus, and an increased reliance on creditors. In contrast, the local currency-funded nations have allowed currencies to fluctuate, have been able to undertake fiscal expansion with manageable debt/GDP ratios, and central banks were able to cut policy rates.

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



The local currency bond markets will continue to grow, as existing issuers' economies and capital markets develop further, and the pool of countries expands as hitherto hard currency-funded nations wean themselves off external creditors and develop their domestic markets. Furthermore, of the approximately 155 developing countries in the world, only about half have issued debt in public markets and so there remains a long list of potential future issuers of both external and then local currency bonds.

4. Inefficient markets

The combination of low index representation, underappreciation of the diversity and fundamental strengths of emerging economies and capital markets, and typically low foreign investor participation in local markets can lead to significant inefficiencies in the Emerging Markets asset classes. Ashmore's specialist, active management of client portfolios can exploit these inefficiencies to deliver long-term outperformance.

5. Significance of Emerging Markets to the world's economy

Although there are significant differences between the developing countries, taken as a whole they represent a large and often increasing proportion of the world's economy and capital markets.

- 84% of the world's population lives in an emerging country, and the demographics are typically more favourable than in developed countries.
- Emerging Markets generate 58% of the world's GDP, and future growth potential is underpinned by relatively low GDP per capita levels; in aggregate, the GDP per capita of Emerging Markets is US$12,000, less than a quarter of the level in developed nations (US$55,000).

- Emerging countries control foreign exchange reserves of more than US$9 trillion, and representing 75% of the total world foreign exchange reserves.
- Bond issuance and equity market capitalisation in Emerging Markets represent 25% and 33%, respectively, of the world totals, providing for significant growth.
- Emerging Markets represent between 13% (equity) and 28% (fixed income) of global benchmark indices and these weights are rising over time.

While some factors, such as the share of the world's population, are unlikely to change materially in the near future, the case for superior GDP growth and rising GDP per capita is well established, and capital markets should continue to broaden, deepen and become more accessible. Overall, the influence of Emerging Markets on the world should therefore continue to increase over the coming years and decades, and this will result in Emerging Markets representing ever higher proportions of global benchmark indices.

6. Underweight allocations

In the context of the Emerging Markets characteristics described above, and the persistent upward pressure on index weights, developed world institutional and retail investors continue to have significantly underweight allocations to the asset classes. For example, analysis shows that the typical institutional investor has a target Emerging Markets allocation of less than 10%, compared with the 13% to 28% weight in global benchmark indices.

Given the superior growth and attractive valuations, this suggests that the investor will underperform compared with one that has at least a neutral weighting to Emerging Markets through the cycle.

Significance of Emerging Markets to the world's economy

Although there are significant differences between the developing countries, taken as a whole they represent a large and often increasing proportion of the world's economy and capital markets.

84%

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58%

Emerging Markets generate 58% of the world's GDP, and future growth potential is underpinned by relatively low GDP per capita levels; in aggregate, the GDP per capita of Emerging Markets is US$12,000, less than a quarter of the level in developed nations (US$55,000).

75%

Emerging countries control foreign exchange reserves of more than US$9 trillion, and representing 75% of the total world foreign exchange reserves.

25%

Bond issuance and equity market capitalisation in Emerging Markets represent 25% and 33%, respectively, of the world totals, providing for significant growth.

13%

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INVESTED IN DIVERSITY

Diversity means many things to Ashmore, but the unifying thread is that the diverse characteristics of markets, clients, investment strategies and employees are all positive factors that help to underpin the Group's long-term success.

Focus on employees

Employee diversity can be considered through many lenses, not just gender and ethnicity, but also characteristics such as experience, skills, tenure, age, disability and sexual orientation. The diverse nature of a firm can help to reduce the risks of 'groupthink' and promote an appropriate culture that supports the achievement of strategic objectives.

Ashmore's culture is a meritocracy that values openness, fairness and transparency and the Group is committed to developing and retaining a diverse workforce. One-third of Ashmore's Board and its employees are female and, recognising that the financial services sector has historically been a male-dominated industry, the firm is keen to promote gender diversity both within the industry and its own employee base.

However, Ashmore is a relatively small organisation of approximately 300 employees, with a highly successful remuneration philosophy that rewards performance and engenders long-term employee loyalty. It does not have large-scale graduate recruitment or apprenticeship programmes. Hence, any desired changes in the profile of the employee base must occur over time as succession occurs, new roles arise, and replacements are recruited based on merit and objective criteria without any quotas set.

With this context, Ashmore seeks to ensure that candidate pools are assembled wherever possible to include candidates of different gender, ethnic and social backgrounds.

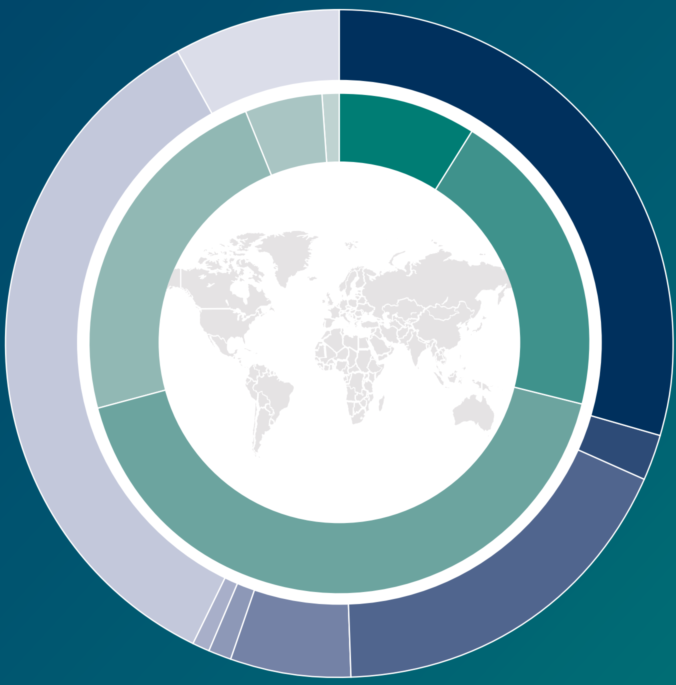
To ensure diversity characteristics are understood and, where necessary, acted upon, Ashmore maintains a comprehensive view of the profile of its employees, based on certain factual data and those that are self-selected. The 'diversity dashboard' is reported to the Board, its Remuneration Committee and the Group's Risk and Compliance Committee on a frequent and regular basis.

Further information relating to diversity is provided in the Sustainability and Invested in people sections, and the Directors' report.

> **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.**

Nationality and ethnicity

Ashmore is proud to have a diverse workforce with employees from 38 different countries.



Nationality
- North America – **9%**
- South America – **20%**
- Europe – **42%**
- Asia Pacific – **23%**
- Middle East – **5%**
- Africa – **1%**

Ethnicity
- Asian – **30%**
- Black – **2%**
- Hispanic – **18%**
- Middle Eastern / North African – **6%**
- Mixed race – **1%**
- Other – **1%**
- White – **35%**
- No response – **8%**

DIVERSIFIED **OPPORTUNITIES**

External debt

The external debt market was the first investable fixed income asset class for foreign investors in Emerging Markets and, while it is now smaller in size than the local currency government bond market, it remains a sizeable asset class with US$1.5 trillion of bonds outstanding. Reflecting its established status, the benchmark index includes 89% of those securities, issued by 74 countries and with 53% of the bonds rated investment grade.

Over the past 12 months, the index performed strongly and returned +7.5% as spreads continued to tighten from the oversold levels of early 2020. High yield bonds outperformed with a return of +13.1% compared with +3.0% for investment grade assets. Notwithstanding this strong performance over the year, valuations remain attractive with the index spread of approximately 340bps being significantly wider than before the pandemic (below 300bps) and offering a decent protective cushion should US Treasury bond yields come under pressure. Furthermore, the nominal index yield of 5% should be seen in the context of US$13 trillion of sovereign bonds issued in Developed Markets that trade with a negative nominal yield, and this figure increases to US$41 trillion, or 93% of sovereign debt in issue, when considering real yields.

Ashmore's broad external debt composite has outperformed its benchmark by more than 600bps over the past year with a return of +13.8%. Over the past three years, the composite has delivered annualised gross returns of +5.9% compared with +6.7% for the benchmark.

Local currency

Government bonds issued in domestic currencies represent a large, growing and highly attractive asset class with US$14.5 trillion of securities in issue. Although the benchmark index currently fails to adequately reflect the breadth and scale of the investment opportunity, with only 11% of those bonds included in the index, it is steadily catching up with the structural developments in the asset class. For example, during the year, China was included in the GBI-EM GD index at the maximum 10% weighting, meaning that the index now has $200 billion of investable Chinese government bonds and includes 20 countries.

The index returned +6.6% over the past 12 months, with positive contributions from both bonds and currency strength against the US dollar. The ability to issue bonds in its own currency provides a country with many advantages and means that there have been no defaults in the asset class, but it also means that other risks, notably inflation, have to be managed. In this respect, an important development towards the end of the period was a number of central banks, including those in Turkey, Brazil, Russia, Mexico, Czech Republic and Hungary, raised interest rates as inflation returned to long-run trend levels. This reinforced the credibility of policymaking in those countries, and provided support to currencies.

The local currency index yield of 5% is notable, but the highly attractive relative value available in the asset class is illustrated by the real yield of approximately 1%, compared with -3% for equivalent five-year duration US Treasury bonds. As the structural challenges facing Developed Markets such as the US are expected to undermine the value of their currencies over the medium term, the total returns available from Emerging Markets bonds can include both attractive carry and meaningful foreign exchange gains against the US dollar.

Over the past year, Ashmore's local currency bonds composite has outperformed the benchmark by nearly 300bps with a return of +9.3%, and over three years it has generated annualised gross returns of +4.4%, outperforming the benchmark return of +4.1%.

Corporate debt

The Emerging Markets corporate debt universe comprises both hard currency, typically US dollar denominated, bonds and local currency securities, with outstanding issuance of US$3.2 trillion and US$4.9 trillion respectively. The diversification and quality of the asset class is illustrated by comparing the benchmark CEMBI BD index with the US high yield market:

- the CEMBI default rate over past 12 months is 3.6%, significantly lower than the US HY default rate of 6.2%. The long-run average default rate for Emerging Markets corporate debt is also lower at 4.1%, compared with 4.4% for the US market;
- the index comprises 59 countries and 806 issuers;
- more than 56% of bonds are investment grade rated; and
- the HY part of the index yields nearly 6%, and there is a meaningful pick-up in spread over US HY bonds for equivalent-rated credits.

As well as the attractive fundamental characteristics described above, relatively short duration, high yielding corporate bonds offer some protection against rising US rates. This has been demonstrated over the past year with very strong index returns of +8.7% and +13.5% for the HY component. Towards the end of the period, the commodity-exposed parts of the asset class benefited from the rally in most major commodity prices. The demand for investment grade debt is also increasing, given the diversification, yield and issuance trends that are all favourable compared with the US market.

Over the past year, Ashmore's broad corporate debt composite has performed well and, with a return of +15.2%, has outperformed the benchmark by 650bps. Over the past three years, the composite has delivered a gross annualised return of +7.8%, compared with +7.5% for the benchmark index.

Blended debt

Blended debt strategies provide broad access to the broad Emerging Markets fixed income universe, with active management able to exploit the significant variances in the annual returns of the constituent external debt, local currency and corporate debt asset classes. For example, over the past nearly two decades, the average difference in annual returns between the best and worst performing fixed income asset classes has been more than 1,000bps and the minimum difference has been 450bps. An active management approach to blended debt provides investors with the fullest range of potential fixed income investment opportunities, with approximately US$34 trillion of bonds issued by sovereigns and corporates, in both hard currencies (typically US dollars) and local currencies, and across more than 70 different emerging countries.

An allocation to blended debt can meet the requirements of the first-time investor in Emerging Markets, enabling a deeper understanding of the underlying asset classes to be developed over time. It also suits the more experienced investor that is able to define bespoke investment objectives and a blended benchmark against which investment performance can be measured.

Reflecting the strong performance of the underlying asset classes, over the past 12 months, the standard blended debt benchmark index, comprising 50% external debt (EMBI GD), 25% local currency bonds (GBI-EM GD) and 25% EMFX (ELMI+), returned +7.1%.

Ashmore's broad blended debt composite returned +13.0% over the past 12 months and has outperformed the standard benchmark index by nearly 600bps. Over the past three years, it has generated a gross annualised return of +5.0%, in line with the performance of the standard benchmark index.

Equities

The emerging equity markets are highly diversified and, like their fixed income counterparts, have inefficiencies that can be exploited by active management. The prospects for investment returns are underpinned by Emerging Markets' superior economic growth, ongoing reforms and attractive absolute and relative valuations.

Emerging Markets

The MSCI EM index delivered an impressive return of +40.9% over the past year, with Asia outperforming Eastern Europe and Latin America as social and economic recovery from COVID-19 followed a broadly similar geographic pattern to the onset of the pandemic.

Ashmore's All Cap equity strategy has delivered excellent performance over the past year with a return of +57.6%, and over three years it has produced gross annualised returns of +20.4%, significantly outperforming the MSCI EM index return of +11.3%. The Active equity strategy performed broadly in line with the MSCI EM index over the past 12 months (+41.2%) and has outperformed over three years with gross annualised returns of +12.3%.

Small cap

Strong performance is also reflected in the small cap part of the Emerging Markets equity universe, with a very strong index return of +63.8% over the past year and Ashmore's Global small cap strategy outperformed with a return of +65.9%. Over three years, the strategy has returned +16.8% on a gross annualised basis, outperforming the benchmark return of +12.3%.

Frontier Markets

The MSCI FM index performed strongly over the year and returned +31.3%. Ashmore's Frontier Markets strategy outperformed this benchmark with a return of +43.5%, and has also outperformed over three years with gross annualised returns of +6.8% compared with +6.1% for the benchmark index.

While active managers can find alpha opportunities outside of the main benchmark indices, it is a positive development that the equity benchmarks continue to evolve and become more representative of the Emerging Markets opportunity. For example, in recent years MSCI has enhanced the representation of its main Emerging Markets equity index by including Saudi Arabia and China.

> **Following a strong year for Emerging Markets, the outlook is favourable and the potential investment returns available are highly attractive.**

The vaccination rate across emerging nations has accelerated in recent months as developed countries reach critical vaccination levels and there are more doses available for the rest of the world. The broadening of this growth impulse, combined with some inflation and still very loose monetary conditions, means that there is a positive outlook for the Emerging Markets equity asset classes, and even more so given the still substantial price/earnings discounts that prevail relative to Developed Markets.

Outlook

Following a strong year for Emerging Markets, the outlook is favourable and the potential investment returns available are highly attractive, whether considered in absolute terms or relative to Developed Markets. The second half of 2021 is expected to see a catch-up in COVID-19 vaccination rates across Emerging Markets, which underpins expectations of faster economic growth, and in excess of that forecast for developed countries.

Uncertainty over US inflation will remain a source of market volatility, but the fundamental strength of emerging economies and prevailing valuations should ensure that expectations of higher US interest rates do not lead to another 'taper tantrum'. When the Fed does raise rates, it will be from such a low level that real rates are likely to remain extremely supportive for some time to come. Inflation in Emerging Markets has increased, but this is largely due to base effects and it has returned to its long-run trend rate. Central banks have already turned hawkish and started increasing rates, and the higher differential in real yields is positive for those countries' currencies versus the US dollar.

After the strong returns delivered over the past year, the combination of high carry, better growth momentum than developed countries and attractive valuations presents a very supportive backdrop for continued performance by Emerging Markets assets.

DELIVERING DIVERSIFIED PROFITS

Ashmore delivered strong earnings growth with profit before tax and diluted EPS 28% and 33% higher, respectively, than in the prior year, as a result of mark-to-market gains on the Group's seed capital investments. While average AuM was flat and operating costs were reduced, a lower management fee margin driven by mix effects meant that, on an adjusted basis, EBITDA fell by 12% and diluted EPS declined by 11%. The Group's balance sheet remains well-capitalised and highly liquid.

Assets under management

AuM increased by 13% over the year to US$94.4 billion through investment performance of US$9.6 billion and net inflows of US$1.2 billion. Reflecting the lower opening AuM level following the initial market reaction to the COVID-19 pandemic, average assets under management were broadly unchanged at US$90.0 billion (FY2019/20: US$89.6 billion).

Gross subscriptions of US$17.6 billion were lower than in the prior year and represented 21% of opening AuM (FY2019/20: US$24.3 billion, 26%). The lower activity levels reflect a period when investors were considering the impact of the COVID-19 pandemic on economies and markets across the world, meaning that they typically resisted making significant changes to portfolio allocations, and contrasts with the strong subscriptions experienced for most of the prior year.

There was broad-based demand across asset classes in the period, including new client mandates in external debt, blended debt, equities and overlay / liquidity. Approximately 80% of gross institutional flows came from existing clients, including significant flows in local currency, corporate debt, including investment grade strategies, blended debt and overlay / liquidity.

Summary non-GAAP financial performance

The table below reclassifies items relating to seed capital and the translation of non-Sterling balance sheet positions to aid comprehension of the Group's operating performance. Excluding these items also 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.

		Reclassification of			
£m	**FY2020/21 Reported**	Seed capital-related items	Foreign exchange translation	**FY2020/21 Adjusted**	FY2019/20 Adjusted
Management fees net of distribution costs	**270.9**	–	–	**270.9**	315.5
Performance fees	**11.9**	–	–	**11.9**	3.9
Other revenue	**4.6**	–	–	**4.6**	4.1
Foreign exchange	**4.3**	–	4.9	**9.2**	1.5
Net revenue	**291.7**	–	4.9	**296.6**	325.0
Investment securities	**123.5**	(123.5)	–	**–**	–
Third-party interests	**(52.6)**	52.6	–	**–**	–
Personnel expenses	**(80.3)**	–	(1.1)	**(81.4)**	(81.5)
Other expenses excluding depreciation & amortisation	**(21.2)**	1.7	–	**(19.5)**	(21.0)
EBITDA	**261.1**	(69.2)	3.8	**195.7**	222.5
EBITDA margin	***91%***	–	–	***66%***	*68%*
Depreciation & amortisation	**(2.8)**	–	–	**(2.8)**	(3.4)
Operating profit	**258.3**	(69.2)	3.8	**192.9**	219.1
Net finance income/expense	**23.9**	(23.3)	–	**0.6**	5.8
Associates & joint ventures	**0.3**	–	–	**0.3**	(0.2)
Profit before tax	**282.5**	(92.5)	3.8	**193.8**	224.7
Diluted EPS (p)	**34.2**	(11.4)	0.5	**23.3**	26.1

Gross redemptions were also lower at US$16.4 billion, or 20% of opening AuM (FY2019/20: US$24.4 billion, 27%), a level more consistent with the longer-term pattern following heightened client redemptions at the end of the prior financial year. The redemptions reflect the typical range of client allocation decisions including profit taking after strong market performance and shifts in asset allocation and model portfolios.

Overall, institutional clients delivered a net inflow of US$4.1 billion, and there was a net outflow of US$2.9 billion from intermediary retail clients, to give a total net inflow of US$1.2 billion compared with a small net outflow of US$0.1 billion in the prior year.

Investor profile

Ashmore's client base is well diversified by client type and domicile. Over the period there was an increase in the proportion of AuM from government-related institutions and small reductions in the proportions of AuM sourced from pension funds and intermediary retail clients. In total, 26% of the Group's AuM has been sourced from clients domiciled in Emerging Markets (30 June 2020: 26%).

Segregated accounts including white-labelled funds represent 79% of AuM (30 June 2020: 75%). The slight increase reflects good levels of institutional activity from both new and existing clients, and net redemptions from the Group's mutual funds.

Ashmore's main mutual fund platforms are in Europe and the US. The European SICAV range comprises 29 funds with AuM of US$10.1 billion (30 June 2020: 30 funds, US$12.1 billion) and the US 40-Act platform manages US$2.3 billion in 12 funds (30 June 2020: 10 funds, US$2.4 billion). There was strong investment performance across all strategies, and the decline in AuM over the period is primarily due to net redemptions from local currency, short duration and blended debt strategies.

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 37% invested in Latin America, 25% in Asia Pacific, 19% in the Middle East and Africa, and 19% in Eastern Europe.

AuM movements by investment theme

The AuM by theme as classified by mandate is shown in the table below.

Theme	AuM 30 June 2020 US$bn	Performance US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	**AuM 30 June 2021 US$bn**
External debt	17.1	1.6	1.9	(2.4)	(0.5)	**18.2**
Local currency	18.7	1.9	2.4	(3.4)	(1.0)	**19.6**
Corporate debt	10.6	1.6	2.1	(3.0)	(0.9)	**11.3**
Blended debt	23.3	2.7	2.4	(5.0)	(2.6)	**23.4**
Equities	4.6	1.9	2.6	(1.7)	0.9	**7.4**
Alternatives	1.4	–	0.2	(0.2)	–	**1.4**
Multi-asset	0.3	–	–	–	–	**0.3**
Overlay/liquidity	7.6	(0.1)	6.0	(0.7)	5.3	**12.8**
Total	**83.6**	**9.6**	**17.6**	**(16.4)**	**1.2**	**94.4**

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 FY2020/21 £m**	Net management fees FY2019/20 £m	**Performance fees FY2020/21 £m**	Performance fees FY2019/20 £m	**Net management fee margin FY2020/21 bps**	Net management fee margin FY2019/20 bps
External debt	**51.9**	59.4	**1.8**	2.5	**39**	41
Local currency	**50.7**	60.2	**1.8**	–	**35**	38
Corporate debt	**34.6**	51.3	**4.2**	0.4	**41**	50
Blended debt	**82.7**	94.6	**2.6**	0.9	**47**	49
Equities	**26.5**	23.0	**–**	–	**60**	66
Alternatives	**12.3**	15.4	**0.7**	0.1	**132**	139
Multi-asset	**2.3**	3.0	**0.8**	–	**114**	100
Overlay/liquidity	**9.9**	8.6	**–**	–	**15**	15
Total	**270.9**	**315.5**	**11.9**	**3.9**	**41**	**45**

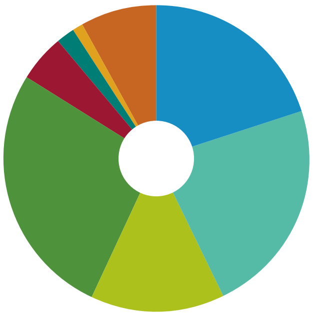
Ashmore's diverse investment themes and clients

2020 (%)

2021 (%)

AuM classified by mandate

2020 (%)



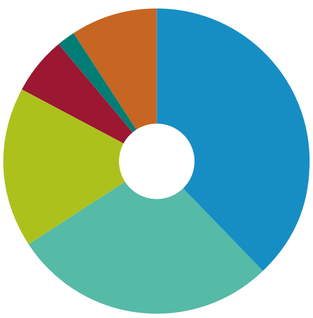
External debt	**20**
Local currency	**23**
Corporate debt	**14**
Blended debt	**27**
Equities	**5**
Alternatives	**2**
Multi-asset	**1**
Overlay/liquidity	**8**

2021 (%)

External debt	**19**
Local currency	**21**
Corporate debt	**12**
Blended debt	**25**
Equities	**8**
Alternatives	**1**
Multi-asset	**1**
Overlay/liquidity	**13**

AuM as invested

2020 (%)



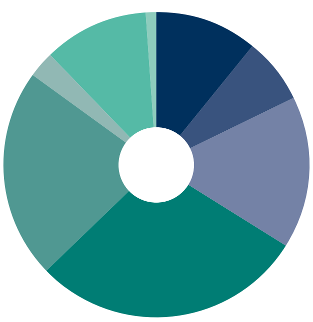
External debt	**38**
Local currency	**28**
Corporate debt	**17**
Equities	**6**
Alternatives	**2**
Overlay/liquidity	**9**

2021 (%)

External debt	**32**
Local currency	**26**
Corporate debt	**19**
Equities	**8**
Alternatives	**1**
Overlay/liquidity	**14**

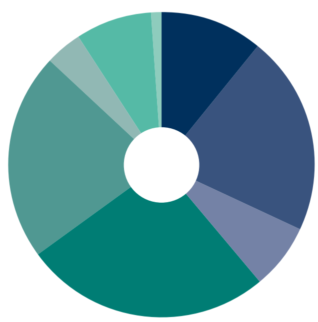
AuM by investor type

2020 (%)



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**

2021 (%)



Central banks	**11**
Sovereign wealth funds	**21**
Governments	**7**
Pension plans	**26**
Corporates/financial institutions	**22**
Funds/sub-advisers	**4**
Intermediary retail	**8**
Foundations/endowments	**1**

AuM by investor geography

2020 (%)

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

2021 (%)

Americas	**20**
Europe ex UK	**28**
UK	**7**
Middle East and Africa	**17**
Asia Pacific	**28**

Revenues

Net revenue fell by 12% to £291.7 million as a result of lower net management fee income partially offset by higher performance fees. On an adjusted basis, excluding foreign exchange translation effects, net revenue declined by 9% to £296.6 million.

Net revenue

	FY2020/21 £m	FY2019/20 £m
Net management fees	**270.9**	315.5
Performance fees	**11.9**	3.9
Other revenue	**4.6**	4.1
FX: hedges	**9.2**	1.5
Adjusted net revenue	**296.6**	325.0
FX: balance sheet translation	**(4.9)**	5.5
Net revenue	**291.7**	330.5

Management fee income, net of distribution costs, declined by 14% to £270.9 million, reflecting flat average AuM of US$90.0 billion, a stronger average GBP:USD rate of 1.3472 (FY2019/20: 1.2637) and a 4bps decline in the average net management fee margin to 41bps. At constant FY2019/20 average exchange rates, net management fees fell by 8%.

Approximately half of the decline in the net management fee margin compared with the prior year is explained by theme and client mix effects. The overall impact of investment theme mix changes, for example the increase in overlay / liquidity AuM and lower average AuM in blended debt together with a positive contribution from the growth in equities and locally-managed AuM, reduced the margin by one basis point. Net outflows from intermediary retail clients and other mutual fund net redemptions had a 1.5 basis points effect.

Flows into new and existing large institutional mandates reduced the margin by less than 0.5 basis point and the remaining movement of approximately one basis point is attributable to competition and other factors.

Strong relative performance in several large institutional mandates combined with fees recognised on the successful realisation of assets in the alternatives theme delivered performance fees of £11.9 million, higher than in the prior year (FY2019/20: £3.9 million).

At 30 June 2021, 13% of the Group's AuM was eligible to earn performance fees (30 June 2020: 13%), of which a substantial proportion is subject to rebate agreements. As at 31 August 2021, there are no material realised performance fees and the Group continues to expect its net revenues to comprise primarily net management fee income.

Translation of the Group's non-Sterling assets and liabilities, excluding seed capital, resulted in an unrealised foreign exchange loss of £4.9 million reflecting a higher GBP:USD dollar rate at the period end. The net realised and unrealised gain on the Group's foreign exchange hedges was £9.2 million. Therefore, the total foreign exchange gain recognised in revenues was £4.3 million (FY2019/20: £7.0 million gain).

Other revenue includes transaction and project management fees and at £4.6 million was at a similar level to the prior year (FY2019/20: £4.1 million).

Operating costs

Total operating costs of £104.3 million include £1.7 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 2% to £103.7 million (FY2019/20: £105.9 million). At constant FY2019/20 average exchange rates, adjusted operating costs were flat compared with the prior year period.

Operating costs

	FY2020/21 £m	FY2019/20 £m
Fixed staff costs	**(26.7)**	(27.6)
Other operating costs	**(19.5)**	(21.0)
Depreciation & amortisation	**(2.8)**	(3.4)
Operating costs before VC	**(49.0)**	(52.0)
Variable compensation	**(53.6)**	(55.0)
VC accrual on FX gains/losses	**(1.1)**	1.1
Adjusted operating costs	**(103.7)**	(105.9)
Consolidated funds costs	**(1.7)**	(2.2)
Add back VC accrual on FX gains/losses	**1.1**	(1.1)
Total operating costs	**(104.3)**	(109.2)

Adjusted operating costs before variable compensation were reduced by 6% to £49.0 million (FY2019/20: £52.0 million), and were 2% lower at constant FY2019/20 average exchange rates.

The Group's headcount rose slightly over the year to 310 employees, of which 298 are involved in investment management-related activities (30 June 2020: 306 and 291, respectively). The average headcount was flat compared with the prior year. The Group's fixed staff costs of £26.7 million fell by 3% as a result of stronger Sterling.

Other operating costs, excluding consolidated fund expenses and depreciation and amortisation, were reduced by 7% to £19.5 million, primarily as a result of significantly lower travel-related expenses and reduced office expenses while the majority of employees were working remotely. The current year includes a £1.0 million charitable contribution equivalent to 0.5% of profit before tax excluding unrealised seed capital gains, as described in the Chief Executive's review (FY2019/20: £0.4 million charitable donations).

The accrual for variable compensation of £53.6 million is 3% lower than in the prior year and represents 22.0% of EBVCIT excluding the charitable contribution (FY2019/20: £55.0 million, 19.5%), reflecting the balance of strong investment performance versus the lower adjusted profits compared with the prior year.

The combined depreciation and amortisation charges for the period were £2.8 million.

Adjusted EBITDA

Adjusted EBITDA fell by 12% from £222.5 million to £195.7 million as a result of the 9% fall in adjusted net revenue that was partially offset by the 2% reduction in adjusted operating costs. The adjusted EBITDA margin was 66%.

Finance income

Net finance income of £23.9 million (FY2019/20: £12.0 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 £0.6 million (FY2019/20: £5.8 million), with the reduction due to lower interest rates.

Seed capital

The table below summarises the principal IFRS line items to assist in the understanding of the impact of the Group's seed capital programme on the consolidated statement of comprehensive income. The seed capital investments generated a total gain of £92.5 million in the period (FY2019/20: £7.6 million loss) including a realised gain of £8.5 million. This comprises a £72.5 million mark-to-market gain in respect of consolidated funds, including £3.3 million of finance income, and a £20.0 million gain in respect of unconsolidated funds that is reported in finance income.

Financial impact of seed capital investments

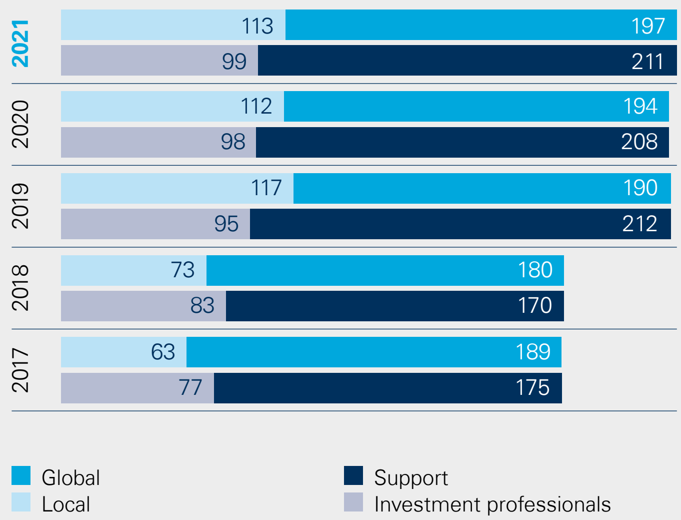
	FY2020/21 £m	FY2019/20 £m
Consolidated funds (note 20):		
Gains/(losses) on investment securities	**123.5**	(19.1)
Change in third-party interests in consolidated funds	**(52.6)**	7.5
Operating costs	**(1.7)**	(2.2)
Finance income	**3.3**	4.8
Sub-total: consolidated funds	**72.5**	(9.0)
Unconsolidated funds (note 8):		
Market return	**25.3**	1.6
Foreign exchange	**(5.3)**	(0.2)
Sub-total: unconsolidated funds	**20.0**	1.4
Total seed capital profit/(loss)	**92.5**	(7.6)
– realised	**8.5**	4.0
– unrealised	**84.0**	(11.6)

Profit before tax

Statutory profit before tax of £282.5 million was 28% higher than the prior year (FY2019/20: £221.5 million) as a result of the strong mark-to-market gains delivered by the Group's seed capital programme.

Year end headcount

2021: 310



Taxation

The majority of the Group's profit is subject to UK taxation. Of the total current tax charge for the year of £41.3 million (FY2019/20: £38.7 million), £24.4 million relates to UK corporation tax (FY2019/20: £24.7 million).

The Group's effective tax rate for the financial year is 14.4% (FY2019/20: 16.6%), which is lower than the prevailing UK corporation tax rate of 19.0%. This reflects the impact of the Group's share price on the allowable value of share-based remuneration provided to employees, the impact of non-taxable unrealised seed capital gains, the geographic mix of the Group's profit in the period and the impact on the Group's deferred tax balances of the planned rise in the UK corporation tax rate to 25% in 2023. 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 33% to 36.4 pence (FY2019/20: 27.4 pence) and diluted earnings per share increased by 33% to 34.2 pence (FY2019/20: 25.7 pence).

On an adjusted basis, excluding the effects of seed capital items, foreign exchange translation and relevant tax, diluted earnings per share fell by 11% to 23.3 pence (FY2019/20: 26.1 pence). In FY2019/20, the post-tax impact of seed capital items and foreign exchange translation was -0.9 pence per share and +0.5 pence per share, respectively. The weighted average share count for adjusted diluted earnings per share is shown in note 13.

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 2021, total equity attributable to shareholders of the parent was £911.6 million (30 June 2020: £856.4 million). Capital resources available to the Group totalled £765.1 million as at 30 June 2021, equivalent to 107 pence per share, and significantly exceeded the Group's regulatory capital requirement of £155.9 million, equivalent to 22 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 £258.3 million for the period (FY2019/20: £209.7 million), the Group generated £213.5 million of cash from operations (FY2019/20: £254.9 million). The operating cash flows after excluding consolidated funds represent 109% of the adjusted EBITDA for the period of £195.7 million (FY2019/20: 116%).

Cash and cash equivalents by currency

	30 June 2021 £m	30 June 2020 £m
Sterling	**76.0**	66.0
US dollar	**351.5**	391.1
Other	**28.6**	43.8
Total	**456.1**	500.9

Cash generated in the period was used to pay corporation tax, to distribute ordinary dividends to shareholders, to purchase shares into the Employee Benefit Trust (EBT) and to make seed capital investments. The decline in cash held compared with the prior year end is the result of the impact of stronger Sterling on the translation of foreign currency holdings, particularly US dollar balances.

Seed capital investments

The Group's actively managed seed capital programme supports growth in third-party AuM with more than US$10 billion of AuM in funds that have been seeded, representing 11% of total Group AuM.

During the year, the Group made new seed investments of £134.6 million and realised £106.0 million from previous investments. The consequent net investment of £28.6 million together with market-to-market gains of £69.8 million means the market value of the Group's seed capital investments increased from £238.4 million as at 30 June 2020 to £336.8 million as at 30 June 2021. Additionally, Ashmore has seed capital commitments of £8.9 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 £345 million.

As at 30 June 2021, the original cost of the Group's current seed capital investments was £255.2 million, representing 31% of Group net tangible equity. Approximately 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 increase in market value over the period reflects the strong market recovery and investment performance delivered by Ashmore's liquid strategies (approximately £35 million impact on profit before tax), together with the consequent increase in valuations applied to assets held by funds in the alternatives theme (approximately £48 million impact on profit before tax).

The new investments support distribution initiatives in Latin America, add scale to equity funds to enhance access to intermediary retail investors, and provide capital for new investment grade and dedicated ESG funds to establish investment track records. The redemptions were as a result of successful realisations and subsequent return of capital in the alternatives theme and client flows into equity strategies.

Seed capital market value by currency

	30 June 2021 £m	30 June 2020 £m
US dollar	**297.6**	213.7
Colombian peso	**16.2**	13.9
Other	**23.0**	10.8
Total market value	**336.8**	238.4

Foreign exchange

The majority of the Group's fee income is received in US dollars and it is the Group's policy for the Foreign Exchange Management Committee to hedge up to two-thirds of the notional value of budgeted foreign currency-denominated net management fees. 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 (OCI).

Stronger Sterling over the period reduced net management fees by 6%, reduced operating costs by 2%, and resulted in translation losses of £4.9 million on the Group's foreign currency assets and liabilities and £5.3 million on the Group's unconsolidated seed capital investments. Active management of the Group's foreign currency exposures delivered a gain of £9.2 million reported in revenues.

Included in OCI is a foreign exchange loss of £74.9 million (FY2019/20: £12.8 million gain) reflecting the translation of non-Sterling assets and liabilities at the balance sheet date, and primarily comprising the impact on cash and cash equivalents (£40.5 million), seed capital investments (£22.7 million) and goodwill (£9.0 million).

Goodwill and intangible assets

At 30 June 2021, goodwill and intangible assets on the Group's balance sheet totalled £80.5 million (30 June 2020: £89.7 million). The movement in the period is the result of an amortisation charge of £0.2 million (FY2019/20: £0.2 million) and a foreign exchange revaluation loss in reserves of £9.0 million (FY2019/20: £2.6 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. At 30 June 2021, the EBT owned 52,345,869 ordinary shares (30 June 2020: 56,477,466 ordinary shares), representing 7.3% of the Group's issued share capital (30 June 2020: 7.9%).

Regulatory capital

Ashmore Group plc 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.

The table below summarises the Group's financial resources and Pillar II regulatory capital requirement determined by the Board through the Internal Capital Adequacy Assessment Process (ICAAP). The increase in the requirement is primarily the result of a higher market risk charge resulting from the increase in the market value of the Group's seed capital investments.

Regulatory capital

	FY2020/21 £m	FY2019/20 £m
Total equity	**932.7**	879.0
Less deductions:		
Investments in associates	**(0.9)**	(0.6)
Foreseeable dividends	**(85.7)**	(85.5)
Intangibles & goodwill	**(81.0)**	(90.4)
Capital resources	**765.1**	702.5
Pillar II capital requirement	**155.9**	147.3

The Group has total capital resources of £765.1 million as at 30 June 2021, equivalent to 107 pence per share, giving a solvency ratio of 391% and excess regulatory capital of £609.2 million above the Pillar II requirement. 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 and recognising the strong statutory profit growth, driven by largely unrealised seed capital gains, and the lower adjusted profits, the Directors have recommended a final dividend of 12.1 pence per share for the year ending 30 June 2021 (FY2019/20: 12.1 pence), which if approved by shareholders will be paid on 10 December 2021 to all shareholders on the register on 5 November 2021. Total dividends paid and recommended for the year of 16.9 pence (FY2019/20: 16.9 pence) are covered 2.0x by diluted earnings per share.

Tom Shippey
Group Finance Director

2 September 2021

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 2020 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.

Reconciliation sources: Consolidated statement of comprehensive income

Net management fee margin

The net management fee margin 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.

Reconciliation sources: Consolidated statement of comprehensive income; average AuM

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 and comprises share-based payments and performance-related cash bonuses.

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.

Reconciliation sources: Consolidated statement of comprehensive income; notes 9 & 11

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.

Reconciliation sources: Financial statements; note 11

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.

Reconciliation sources: Financial statements; notes 7, 10, 11 & 20

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.

Reconciliation sources: Financial statements; notes 7, 10, 11 & 20

Adjusted diluted EPS

Diluted earnings per share excluding items relating to foreign exchange translation and seed capital, as described above, and the related tax impact.

Reconciliation sources: Consolidated statement of total comprehensive income, note 13

Conversion of operating profits to cash

This compares adjusted EBITDA to cash generated from operations, which excludes consolidated funds to enable a better understanding of the Group's operating performance, and is a measure of the effectiveness of the Group's operations at converting profits to cash. Excluding consolidated funds also ensures consistency between the adjusted EBITDA and cash flow.

Reconciliation sources: Consolidated cash flow statement; note 20 d)

EFFECTIVE
RISK MANAGEMENT

Ashmore's strong risk management culture and internal control framework support the identification, evaluation and management of 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 2-3

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 4-5

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 Corporate governance report on pages 69-76

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 39-41

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 General Counsel
- 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 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 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 General Counsel, 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.

Three lines of defence

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

1 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.

2 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.

3 Third: Independent assurance

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

The 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.

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 Financial Conduct Authority's (FCA) 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, 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;
- 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 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 to ensure accurate accounting for transactions, appropriate authorisation limits to contain exposures, and reliability of data processing and integrity of information generated;

Longer-term viability statement

In accordance with the provisions 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 2024, 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 Group's strategy and prospects are reviewed regularly 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.

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. The stress tests include the impact of negative investment performance, failure to comply with regulations, breach of client mandate guidelines or restrictions, a substantial decline in AuM, factors relating to the COVID-19 pandemic such as prolonged remote working, and ineffective third-party services. 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 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.

- 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 Product Committee has responsibility for the development of new products, the consideration of material changes to existing funds, and the restructuring and closure of funds and products, which forms an important part of the Group's business in responding to clients' needs, changes in the financial markets and treating customers fairly;
- the ESG Committee has oversight of Ashmore's responsible investing framework and focuses on the implementation of all elements of this framework across Ashmore's corporate strategy and investment management activity;
- the Global Investment Performance Standards (GIPS) Committee 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
- the Research Oversight Committee (ROC) addresses 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 equity interests in certain entities that 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;
- AA Development Capital Investment Managers (Mauritius) LLC;
- Actual Holding Corp SA; and
- PT Buka Investasi Bersama.

For these entities, the Group has in place appropriate oversight arrangements.

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 alongside principal risks within its internal control framework, examples of which are:

- the impact of passive funds on the asset management industry;
- global political uncertainty;
- high level of new regulatory obligations for the industry;
- ESG focus on social matters including diversity and inclusion; and
- the transition from an extended period of remote working back to an office-based business model.

Principal risks and associated controls and mitigants

Description of principal risks	Examples of associated controls and mitigants
Strategic and business risks (Responsibility: Ashmore Group plc Board)	
– Long-term downturn in Emerging Markets fundamentals/technicals/sentiment, and impact of broader industry changes	– 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 – The Board reviews diversity data on an annual basis
– 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 and ESG Integration provides updates to the Board – Dedicated ESG funds
– Sustainability risks, including those relating to climate, have implications for individuals, businesses and investors	– ESG Committee has oversight of risks, and Head of Sustainability and ESG Integration updates the Board regularly – Dedicated ESG funds with minimum scoring thresholds
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 28 years and numerous market cycles, with dedicated Emerging Markets focus including country visits and network of local offices
– Manager non-performance including i) ineffective ESG integration 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
– 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 and ARC Chairman) – 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 an extended period of remote working, 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 – Annual Culture and Conduct report 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 – Dual reporting lines into local management and Group department heads, with adherence to Group policies – Local RCCs held and Group RCC receives updates – Internal Audit reviews, and annual governance reviews reported to RCC

STAKEHOLDER ENGAGEMENT 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. Further details on key actions in this regard are also contained within the Corporate governance report on pages 69 to 82 and the Directors' report on pages 117 to 123. 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 engages 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 arising from the COVID-19 pandemic. 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 eight 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 shareholder votes against the Remuneration policy (see page 69).

The Company reviewed the list of shareholders with unclaimed dividends and considered the method for delivering shareholder communications.

How did we engage?

Investor relations activity continued during the working from home environment and involved Executive and Non-executive Directors. An Emerging Markets briefing was also provided by Ashmore's Head of Research and Deputy Head of Research.

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

The Company has undertaken a process to locate shareholders who have failed to cash their dividends and repatriate the funds to them.

Ashmore also sent a letter requesting shareholders consent to electronic communications, in particular the delivery of annual reports and AGM notices.

What were the outcomes?

Ashmore has a stable, primarily institutional, shareholder base that understands the Group's long-term strategy and business model.

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 220 investor meetings held during the year (see page 43 for the Investor relations calendar).

The Company has reduced the number of shareholders with unclaimed dividends and repatriated the funds to them.

The Company will be able to make use of electronic communications for the delivery of annual reports and AGM notices.

Investor relations calendar

Q1

July
- AuM statement

September
- Full year results and annual report published
- Investor roadshow
- Barclays Global Financial Services conference
- BAML Financials conference

Q2

October
- AuM statement
- Corporate governance roadshow
- Annual General Meeting

November
- CEO investor roadshow
- UBS Pan European conference

December
- Numis North America conference
- Berenberg European conference
- FRC Risk reporting project

Q3

January
- AuM statement
- Peel Hunt ESG conference
- Investor targeting review

February
- Interim results and report published
- Investor roadshow

March
- Morgan Stanley European Financials conference
- Berenberg UK conference

Q4

April
- AuM statement
- Annual UNPRI submission
- UK investor roadshow
- US investor roadshow

May
- Emerging Markets briefings for shareholders and sell-side analysts with Head of Research and Deputy Head of Research
- Goldman Sachs European Small & Midcap conference
- UBS European Small & Midcap conference
- Citi Diversified Financials roadshow

June
- Goldman Sachs European Financials conference
- FRC Risk reporting project

Engaging with employees

Key factors

Ashmore considers its 310 employees to be an important asset and the Group's priority is to attract, develop and retain employees in order to deliver the Group's potential whilst taking into account the best interests of its employees.

What did we consider?

The Board discussed workforce engagement, including with the Non-executive Director responsible for workforce engagement, given the constraints of the COVID-19 pandemic and the working from home environment. The Board considered the timing for resuming teams of employees meeting the Board in a two-way, informal discussion and agreed these sessions will resume as soon as the working environment is normalised.

As the COVID-19 pandemic continued to spread globally, the Board monitored and supported the ongoing implementation of the Group's Business Continuity Plan (BCP) and the interests of its employees in the remote working environment.

How did we engage?

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

The Board has met teams of employees on a rotational basis at every Board meeting and plans to continue this process following the return to the office. The CEO has continued to provide regular briefings to all employees including via global video conferences and a quarterly newsletter during the COVID-19 pandemic.

The Board reviews a 'culture dashboard' annually, with input from the Group Heads of Human Resources and Compliance.

What were the outcomes?

The Board has appointed one of its Non-executive Directors as the Director responsible for workforce engagement.

During the COVID-19 pandemic the Group's BCP was successfully implemented, supported by Ashmore's team-based culture and its employees' continuing focus on delivering value to clients and other stakeholders.

STAKEHOLDER ENGAGEMENT ALIGNED TO ASHMORE'S PURPOSE (CONTINUED)

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, the need to reduce the spread of infection globally and how it could provide assistance to support the community.

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

There were initiatives to mitigate the Group's CO_2 emissions and the environmental benefits stemming from this, and the Group considered how to strengthen this in the coming financial year.

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. During the year, Ashmore became a signatory to the Net Zero Asset Managers Initiative and Climate Action 100+, and is actively collaborating with other investors on engagements relating to climate issues. Ashmore is also a constituent of the FTSE4Good index.

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

What were the outcomes?

The Ashmore Foundation made specific grants to assist organisations in Emerging Markets in relation to the COVID-19 pandemic.

The Board approved a policy to donate 0.5% of profit before tax excluding unrealised seed capital gains to charitable causes.

Ashmore enhanced its dedicated ESG capabilities with the launch of two further ESG strategies, in external debt and corporate debt, and an ESG segregated account, alongside the existing blended debt and equity strategies.

Ashmore furthered its preparations in relation to the Task Force on Climate-related Financial Disclosures (TCFD) in line with industry practice and requirements and further information is included on page 46.

The Group continued its innovative approach to mitigating carbon through The Ashmore Foundation, with the objectives of supporting societal development in Emerging Markets, and agreed to fully offset the Group's CO_2 emissions for FY2021/22.

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?

Consistent with the majority of the industry, different areas of Ashmore's business were impacted by the COVID-19 pandemic.

Ashmore engaged regularly with its regulators on a variety of topics across all business areas to support its high standards of business conduct (see case study discussion on page 45).

How did we engage?

The Group regularly provides feedback on regulatory discussion and consultation papers where the business believes it is able to contribute to relevant regulatory initiatives.

The Group's Regulatory Development Working Group ensures the business is kept abreast of the implications of developing and impending regulation and will engage with regulators if needed or requested.

What were the outcomes?

Ashmore values its relationships with all regulatory bodies and favours positive engagements when such opportunities are presented.

As at 30 June 2021 no enforcement actions were in progress against Ashmore entities by any financial services regulators globally.

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 maintained regular contact with all key suppliers throughout the COVID-19 pandemic to support its relationships and ensure that the vendors were able to maintain 'business as usual' in line with the agreed service standards and offering.

Ashmore conducted due diligence on all new third-party service providers, and reviewed its relationships with existing providers.

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 with mutually beneficial relationships.

The quality and strength of Ashmore's third-party supplier relationships was illustrated by the uninterruption of normal service through the continuation of remote working as a consequence of the COVID-19 pandemic.

Section 172 Case study

During the year the Group experienced a higher level of regulatory interaction than in previous years.

What did we decide to do?

At Ashmore's head office, a regular programme of discussions took place which examined the operational resilience of the business in light of developments such as invoking the business continuity plan and staff working from home. The Board understood that there was a need to keep regulators fully appraised of governance and operational matters of importance, which supports the Company's reputation for high standards of business conduct. This process has continued in 2021 as our regulators required.

Who did we engage with?

Ashmore engaged with regulators in a number of jurisdictions, including regulators with whom long term relationships were already well established and newer regulatory relationships in Colombia and Ireland.

During the year the Financial Reporting Council (FRC) (which regulates auditors, accountants and actuaries, and sets the UK's Corporate Governance and Stewardship Codes) conducted a review of Ashmore's 2020 accounts and the Company engaged with the FRC on their views.

How did we take account of their views?

Across the Group, a number of regulatory surveys and questionnaires were completed at regulators' requests in addition to the discussions held, which helped to strengthen the relationships.

The FRC did not have any questions or queries that they wished to raise with the Company but did make suggestions where they considered users of the accounts could benefit from added disclosures (see page 78).

What were the outcomes?

Ashmore's head office provided information to the regulator on key areas including Ashmore's investment management operations and risk management processes given the extraordinary levels of market volatility at times, management of client relationships, client investment activity, flows and redemptions, and the firm's financial resilience. Ashmore's international offices engaged with local regulatory authorities in varying levels of details on similar topics.

Ashmore benchmarked its operations and practices to the priorities and expectations of regulatory authorities in abnormal market conditions, whilst also ensuring that its actions were taking into account the likely long-term consequences of its response during the COVID-19 pandemic. The Group's governance and oversight procedures ensured that the effective operation of internal controls was kept under review.

Ashmore's cash management practices, including stress testing, appeared consistent with regulatory objectives for resilience in the event of market disruption. Overall, the Board considers that the Group successfully met the main regulatory challenges presented by an unexpected and extreme test of market conditions which was in the interests of the Company's stakeholders.

The Audit and Risk Committee discussed the FRC suggestions for improved disclosure and the Company has taken the suggestions into account in the preparation of the FY2020/21 accounts.

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, and considers climate-related risks and opportunities as they relate to both the Group's operations and its investment activities.

Progress in FY2020/21

ESG scoring and integration has been extended to all investment processes, and therefore covers Ashmore's full range of Emerging Markets investment themes and its network of global and local investment platforms.

Client reporting includes carbon intensity metrics for selected instruments where the data is available, and Ashmore continues to work with industry bodies as well as issuers to enhance the availability of data and related disclosures.

Ashmore became a signatory to the Net Zero Asset Managers Initiative. It also joined the Climate Action 100+ initiative, through which it is participating in a collaborative engagement with an Emerging Markets issuer.

The Ashmore Group plc Board approved a carbon offsetting initiative, which, through The Ashmore Foundation, will seek to offset fully the Group's emissions by supporting projects in developing countries with environmental and social benefits.

Ashmore implemented the requirements of the EU Sustainable Finance Disclosure Regulation (SFDR), including revising the remuneration policy of its Dublin-based management company to incorporate climate-related factors.

Given this progress, Ashmore is on track to comply with the FCA's requirements for premium-listed companies to comply with the TCFD recommendations in 2022.

Separately, the FCA is consulting on climate-related disclosures for asset management firms, with a proposed implementation date in 2023.

The following pages present Ashmore's disclosures in relation to the TCFD framework. For clarity, the disclosures are split between the firm's own activities ('operational') and its investment activities on behalf of its clients ('investment').

1. Governance

Operational

The Board has ultimate responsibility for the Group's strategy and through its corporate governance framework (see page 74) it aims to maintain full and effective control over appropriate strategic, financial, operational and compliance requirements. This includes material climate-related issues, although it is important to note that operational climate risk is not particularly material to an asset management business and primarily relates to the firm's greenhouse gas emissions arising from travel and office use.

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 is chaired by the Group Chief Executive Officer and has representatives from across Ashmore's investment, distribution, risk, legal, operations and other support functions, to ensure that sustainability topics are appropriately understood and discussed by all relevant areas of the firm.

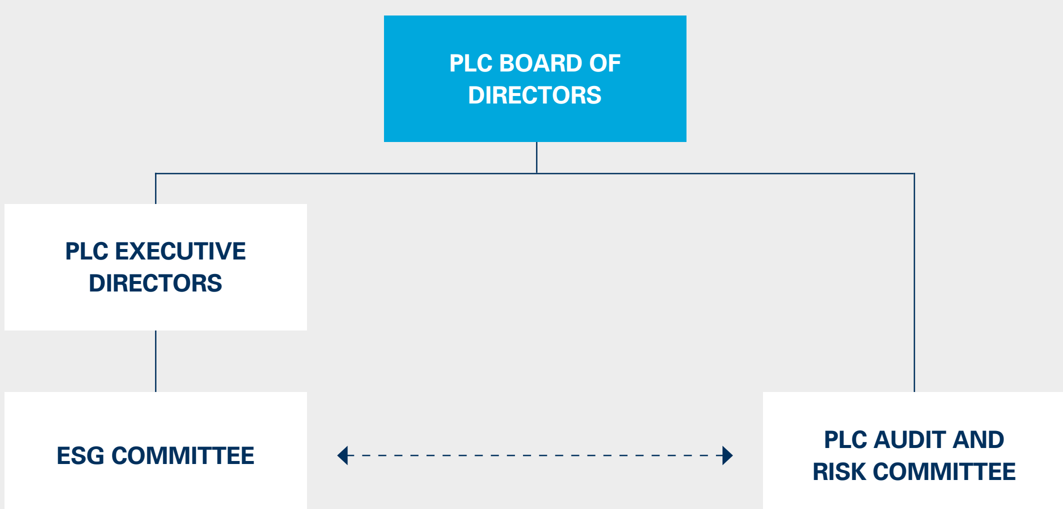
The ESG Committee is kept informed of climate-related issues and the Head of Sustainability and ESG Integration, or a delegate, updates the Board at least annually. Additionally, ESG Committee members provide the Board, its Audit and Risk Committee, and the Group's Risk and Compliance Committee with multiple points of contact throughout the year. The processes described in the Risk management section (see pages 36 to 41) incorporate senior management's assessment and management of climate-related risks faced by the firm.

Furthermore, the Board undertakes an annual review of Group strategy, which includes a discussion of sustainability matters. For example, in 2020 the ESG Committee agreed that Ashmore should publicly support the TCFD and the Board consequently discussed the required disclosures in the context of an independent review by third parties of Ashmore's ESG disclosures, the implications of climate risks and opportunities for the Group's strategy and business model, and the interaction with other industry initiatives and regulatory requirements.

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 relating to climate, into all of its investment processes, including both global and local investment platforms and all investment themes.

Overseeing climate-related issues



2. Strategy

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. For example, Ashmore continues to examine ways in which climate-related scenario analysis can be used to augment the Board's review and challenge of the Group's strategy.

Operational

Ashmore has limited direct exposure to material operational climate-related risks. Its GHG emissions primarily relate to air travel and its offices and are relatively low given the asset management business model. The Board maintains oversight of the level of business travel and any changes in office network through the annual budget process and regular reporting of financial and other management information. That notwithstanding, it is important that Ashmore plays its part and contributes to worldwide climate initiatives including the Paris Agreement. As described below, this objective is supported by several initiatives including carbon offsetting and membership of industry bodies such as the Net Zero Asset Managers Initiative (NZAMI).

Beyond the temporary reduction achieved as a result of remote working and travel restrictions during the COVID-19 pandemic, the ability to reduce the Group's gross emissions is limited given available technology and the fact that Ashmore leases its offices and in many instances is allocated a share of total building emissions based on footprint. However, Ashmore intends to achieve net zero status for its operational emissions through a thoughtful, socially responsible and measurable approach to carbon offsetting achieved via The Ashmore Foundation.

The Group will make an annual contribution to The Ashmore Foundation representing the value of the publicly-disclosed emissions for the prior financial year, using a market-derived carbon price. The Ashmore Foundation will then identify and research environmental project(s) that offer natural or synthetic climate solutions to offset fully Ashmore's emissions, based on conservation, restoration, improved land management or similar approaches. In this manner, the Group will not only offset its emissions and achieve net zero status, but will also enable The Ashmore Foundation to contribute meaningfully to environmental and social projects in the developing countries in which Ashmore invests and operates.

Investment

The Group currently provides carbon intensity metrics for selected fund holdings where the data is available and Ashmore continues to work with industry bodies as well as with sovereign and corporate issuers to enhance carbon metrics and related disclosures.

Ashmore's investment teams engage with sovereign and corporate issuers on a range of topics, both directly and in collaboration with other stakeholders. For example, disclosure of climate-related data is one such topic given carbon emissions by Emerging Markets sovereign and corporate issuers is an evolving area.

During the year, Ashmore became a signatory to the Climate Action 100+ initiative and began participating in its first collaborative engagement. It also joined the Net Zero Asset Managers Initiative and intends to publish its interim target during the course of the 2021/22 financial year. Ashmore also published its 'Seven policy proposals to meet the Paris Agreement objectives' paper, which explicitly considers the differences between emerging and developed economies.

Ashmore's commitment to the Net Zero Asset Manager Initiative (NZAMI)

This year, Ashmore became a signatory to the Net Zero Asset Managers Initiative, an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner; and to supporting investing aligned with net zero emissions by 2050.

Since its launch in December 2020, NZAMI has gathered 128 signatories which represent US$43 trillion in assets under management.

3. Risks and opportunities

The ESG Committee receives frequent and regular updates on legal and regulatory developments relating to sustainability issues including climate risk, and covering both operational and investment activities. This enables the Committee to address actual or potential risks and also to consider opportunities, whether from an investment, marketing or operational viewpoint.

Operational

Ashmore's internal control framework, described in detail on pages 36 to 41, 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 and is subject to regular review by the Board's Audit and Risk Committee.

Investment

The consideration of ESG factors, including climate risks, is integrated into all of Ashmore's investment processes covering the fixed income, equities and alternatives asset classes. Importantly, the Group does not consider ESG risks and opportunities in a silo, rather the investment committee in each asset class oversees ESG analysis in a cohesive manner alongside fundamental macro-economic, financial performance and credit analysis for sovereign and corporate issuers. The analysis is based primarily 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.

Ashmore's commitment to engaging with industry bodies and Emerging Markets issuers on climate-related topics in order to identify and manage risks and opportunities is also reflected in its joining the Climate Action 100+ initiative and NZAMI.

4. Metrics and targets

Operational

As required by the Companies Act, Ashmore reports annually on its GHG emissions. The latest disclosures can be found in the Directors' report on page 117.

As described above, the Group's GHG emissions are relatively modest and while its ability to reduce its gross GHG emissions is limited, where possible Ashmore will seek to ensure that landlords contribute to improved GHG performance over time, for example by planning to increase the use of renewable energy sources, undertaking sustainable recycling programmes, and obtaining certificates that demonstrate the delivery of meaningful sustainability initiatives.

Ashmore will achieve net zero carbon status in respect of its operational emissions, and will do so in a thoughtful and socially responsible manner through The Ashmore Foundation. This year, the Board approved an annual contribution to charitable causes of 0.5% of the Group's profit before tax excluding unrealised seed capital gains, a proportion of which will be granted to projects in the Emerging Markets that will deliver a measurable offset to the Group's reported emissions.

During the year, Ashmore implemented the requirements of the Sustainable Finance Disclosure Regulation (SFDR) as it applies to funds managed by the Group's subsidiary based in Dublin. Specifically, in relation to Article 5 of SFDR, the Dublin management company has updated its remuneration policy to incorporate the consideration of sustainability risks into its remuneration process, a summary of which is available on the Ashmore website.

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 intensity of portfolios and benchmark indices for selected funds is now available and the Group continues to engage with third parties and issuers to broaden coverage.

By becoming a signatory to NZAMI, Ashmore has committed to publish an interim target during 2022, and can collaborate with other signatories, particularly those with an Emerging Markets focus, to develop an appropriate approach to contributing to the achievement of net zero by 2050.

The implementation of SFDR requirements as well as carbon reporting for selected portfolios during the year also represent material developments towards establishing further metrics and targets and, more generally, the Group will also continue to work closely with industry bodies and issuers to help those parties to address broader data requirements.

INVESTED IN ESG

Ashmore is a premium-listed UK company and has nearly three decades' experience of specialist investing in Emerging Markets, where 80% of the world's population lives. Ashmore recognises the impact it can have when investing its clients' capital and therefore has a comprehensive approach to understanding and managing ESG risks and opportunities.

Governance

The Board has overall responsibility for Ashmore's approach to ESG, and delegates this on a day-to-day basis to the ESG Committee, which is chaired by the CEO and has broad representation from across the firm. This ensures that ESG considerations are addressed efficiently and consistently.

ESG integration

Ashmore has always recognised the importance of ESG factors when investing in Emerging Markets and the potential sources of alpha they can provide. This is formally reflected in the integration of ESG factors into all of Ashmore's investment processes across the fixed income, equity and alternatives asset classes.

Importantly, responsibility for ESG analysis is retained within the investment teams, so fund managers have a comprehensive and consistent view of an issuer from a macro-economic and financial performance perspective, and from an ESG perspective. Ashmore's ESG analysis is primarily proprietary in nature, but supported by the use of third-party data.

Establishing dedicated ESG track records

Ashmore's broad or unconstrained strategies take ESG factors into consideration when assessing fair value for a security, but over the past two years it has also launched a range of four dedicated ESG strategies in the external debt, corporate debt, blended debt and equities themes. These have minimum ESG score thresholds for securities to be included in portfolios. Additionally, institutional mandates may specify exclusions or other ESG guidelines.

Therefore Ashmore can address the full range of potential demand for ESG strategies, from those clients that have investment performance as the primary objective, but knowing that it has been delivered 'with a purpose', to those that may be willing to forgo some element of financial return in order to ensure that the portfolio has prescribed E, S or G characteristics.

Active management & responsible investment

In order to effect positive change over time, Ashmore actively engages with sovereign and corporate issuers on a wide range of ESG topics. By integrating ESG factors into all its investment processes, and making fund managers responsible for ESG analysis alongside macro-economic, financial performance and credit analysis, Ashmore forms a single comprehensive view of an issuer that provides for an efficient and effective engagement process.

Ashmore recognises the increasing importance of ESG topics to asset owners and investors, and participates in a number of initiatives to promote collaborative issuer engagement, such as UNPRI and Climate Action 100+.

Consistent with its active management approach, Ashmore aims to vote all proxies presented for its equity investments. In FY2020/21, Ashmore cast votes at 421 meetings and either voted against, abstained or withheld votes for 19% of Board resolutions.

An active approach to responsible investing helps deliver positive outcomes, rewarding issuers with a lower cost of capital and access to a broader range of investors.

100%

of Ashmore's AuM is managed with ESG factors integrated into the investment process

278

separate issuer engagements on ESG matters in FY2020/21

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 which has overall responsibility for Ashmore's sustainability and responsible investing framework across its operational and investment activities.

Ashmore's responsibility to ensure sustainability extends to all its stakeholders and includes managing its operations in ways that effectively ensure the health and well-being of its employees and its distinctive culture means that Ashmore ensures that its employees work in a constructive 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 TCFD recommendations and alignment with the Paris Agreement, including net zero initiatives. Ashmore has joined the NZAMI and recognises the challenges faced by emerging economies and the social and other environmental trade-offs which can have a greater effect on emerging economies compared with developed economies.
- 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 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. The following pages describe 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, Climate Action 100+ and NZAMI. Ashmore will continue to develop its approach to sustainability in line with regulatory requirements and in so doing contribute to the evolution of industry practice.

Sustainability governs our approach to investments, communities and the environment

1. 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
  - TCFD recommendations & managing climate-related risks
- **Constituent of FTSE4Good Index Series**
- **Equal opportunities and diversity**
- **Employee well-being and health and safety**
- **Corporate governance**

2. 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**
  - Net Zero Asset Managers Initiative
  - TCFD recommendations & managing climate-related risks
- **Firmwide negative screening/exclusions**
  - Controversial weapons
  - Pornography
- **Additional ESG funds specific screens: fossil fuels; tobacco, defence; gambling**
- **ESG governance**

3. SOCIETAL

Social and impact-first investing locally in Emerging Markets communities

- **Adherence to UK Modern Slavery Act**
- **Alignment/contribution to UN SDGs**
- **Local social initiatives**
  - London Crisis at Christmas
- **Employee volunteering**
  - One paid volunteering day
- **The Ashmore Foundation**
  - Emerging Markets philanthropy
  - Impact-first investing – concessionary loans
  - Impact investments

The Group's ESG Committee has continued to develop and refine its approach in relation to sustainability and responsible investing and over the past year Ashmore has made significant progress on a number of key initiatives at the operational and investment levels.

FY2020/21 highlights

Below are notable achievements over the past year in relation to sustainability and responsible investing:

- Launched two dedicated ESG strategies in external debt and corporate debt, to sit alongside the existing equity and blended debt strategies. Ashmore Indonesia also launched an equity ESG segregated mandate.
- Ashmore expanded its Sustainalytics subscription to include carbon intensity metrics for selected portfolios and asset classes.
- Ashmore updated its Engagement Policy to include sovereign engagements.
- Ashmore increased the number of stewardship engagements with issuers.
- The common ESG scoring framework for sovereign and corporate issuers was rolled out across all local offices and investment themes.
- Ashmore has again made progress in relation to the TCFD recommendations.
- Implementation of the Sustainable Financial Development Regulation.
- Ashmore published its 'Seven policy proposals to meet the Paris Agreement objectives' paper, which explicitly considers the differences between emerging and developed economies.
- Ashmore refined its carbon offsetting programme regarding the offset of operational emissions.
- Ashmore signed up to the Net Zero Asset Managers Initiative.

1. 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 means 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 equity index and has a 'AA' ESG rating from MSCI.

Human resources

In a business such as asset management, employees are a critical asset. Ashmore's responsibilities to its 310 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 and the Section 172 statement, 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, and 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; and
- Hampton-Alexander review data.

Human resources

The Group's priority is to attract, develop, manage and retain employees 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 (FY2020/21: 6.6%).

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 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

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.

Diversity of thought is critical to Ashmore's success. This means attracting and developing a diverse team. At Ashmore, diversity is integral to the culture of the Group and encompasses, amongst other things, experience, skills, tenure, age, geographical expertise, professional background, gender, ethnicity, disability and sexual orientation.

Ashmore will not discriminate 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, and has built a culture that values meritocracy, openness, fairness, honesty and transparency.

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 200 (66%) male, 100 (33%) female with three (1%) employees preferring not to respond. 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 also be found 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.

Recruitment and career development

Ashmore believes that its unique business model and culture lead existing employees to recommend Ashmore as an employer and in so doing enables the Group to attract the most talented candidates.

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 supports 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. Similar arrangements are also made in other Ashmore offices.

There were 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 well-being is vital to their sustained performance at work, and Ashmore therefore operates a range of schemes to support employees' physical well-being. In London, Ashmore operates a mental health well-being scheme, and has a designated Mental Health First Aider.

In the UK, Ashmore also operates an integrated healthcare approach whereby its private medical health provider and occupational health clinics work hand in hand to promote wellness amongst employees. Similar healthcare arrangements are also offered by 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 regulations and standards of good market practice in all jurisdictions where the Group's business is carried out.

Ethical standards

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 protect Ashmore's reputation.

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 of the Annual Report. 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.

Information security & data protection

Ashmore's client base comprises institutions, such as pension funds and central banks, and intermediaries that provide access to retail investors. Consequently, the firm does not handle substantial quantities of sensitive personal data, and that data which is gathered and held relates primarily to its employees.

The Group has comprehensive and, necessarily, confidential Information Security and Data Protection policies that are reviewed at least annually and apply to all employees and offices. These policies also apply to all third parties that process Ashmore Group plc's personal data.

The Board is ultimately responsible for the Group's risk management and internal control systems and for reviewing their effectiveness. Principal and emerging risks, and associated controls and mitigants, relating to information security and data protection are considered within this framework.

The following sections provide a summary of the principles and processes in place to manage data protection and information security.

Data protection

Ashmore processes (i.e. collects, uses and destroys) personal data in accordance with applicable privacy laws, including the General Data Protection Regulations (GDPR) in the United Kingdom and the European Union.

The firm's Data Protection Policy establishes a set of principles, listed below, to govern how the firm uses personal data.

- Lawfulness, Fairness and Transparency: Personal data shall be processed lawfully, fairly and in a transparent manner in relation to individuals.
- Purpose Limitation: Personal data shall be collected for specified, explicit and legitimate purposes and not further used or otherwise processed in a manner that is incompatible with those purposes.
- Data Minimisation: Personal data shall be adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed.
- Accuracy: Personal data shall be accurate and, where necessary, kept up to date; every reasonable step must be taken to ensure that personal data that are inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay.
- Storage Limitation: Personal data shall be kept in a form which permits identification of individuals for no longer than is necessary for the purposes for which the personal data are processed.
- Respect for Individuals: Personal data shall be processed in accordance with individuals' legal rights.
- Integrity and Confidentiality: Personal data shall be processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using the appropriate technical or organisational measures.
- Safe Transfer: Personal data shall not be transferred abroad without adequate safeguards being put in place in accordance with the law.

In accordance with relevant laws and regulations Ashmore respects and aims to comply with individuals' rights as they relate to their data. For example, the Data Protection Policy recognises the following rights under GDPR legislation:

- to ask whether the firm holds personal data and/or to receive a copy of that data;
- to restrict or object to processing of personal data;
- to prevent processing for direct marketing purposes;
- to object to decisions being taken by automated means;
- in certain circumstances, to have inaccurate personal data rectified, blocked, erased or destroyed; and
- to claim compensation for damages caused by a breach of the GDPR.

Furthermore, in accordance with GDPR, Ashmore commits to keeping the use of legally-defined special category personal data, such as that relating to an individual's ethnic origin, to a minimum and to restrict its availability only to those people who need to know it.

The firm maintains a register that describes its processing of personal data in accordance with the relevant legal requirements.

Information security & cyber security

Information security (including cyber security) is identified as a key principal risk to the business which is subject to Ashmore's governance, policies and procedures and risk assessment. Ashmore assesses, monitors and controls data security risk, and ensures that there is adequate communication between the key stakeholders, which include senior management and IT, human resources, risk management and control, 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 Board's 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 undertakes appropriate pre-contract due diligence for new suppliers that includes information security considerations. Ashmore also maintains appropriate oversight of cyber security arrangements for all key partners, ensuring there is additional monitoring and protection regarding their cyber security.

Sustainability Indices

FTSE4Good

The FTSE4Good Index series is designed to measure the performance of companies demonstrating strong ESG practices. Ashmore has been a constituent of the FTSE4Good Index since 2014.

Environmental impact

As a company whose business is based fundamentally on intellectual capital and which does not own its business premises, Ashmore's direct impact on the environment is limited and there are few environmental risks associated with the Group's activities. Nevertheless, Ashmore has a responsibility to manage these risks as effectively as possible.

The Group continues to promote energy efficiency and the avoidance of waste throughout its operations. Ashmore's largest occupancy is at its headquarters at 61 Aldwych, 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.

Ashmore acknowledges that, in normal times, air travel has been its biggest source of carbon emissions. In such times, investment professionals and other employees would be required to travel to countries for research and oversight purposes. However, wherever possible employees will use technology to minimise air travel. The COVID-19 pandemic restricted travel during the year and this had a positive impact on Ashmore's total emissions for the year. Additionally, it accelerated the integration of video conferencing facilities, which will be of benefit to the Group in the coming years.

Recycling programmes operate for appropriate disposable materials. The Company seeks to minimise the use of paper and wherever possible chooses paper materials that have been sustainably sourced and are Forest Stewardship Council (FSC) or equivalently accredited.

Ashmore also complies with the UK Government's Energy Savings Opportunity Scheme (ESOS).

Mandatory greenhouse gas emissions reporting and SECR requirements

In line with the Companies Act 2006 (Strategic Report and Directors' Reports) Regulations 2013, since 1 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 1 April 2019, Ashmore Group plc is also required to adhere to the mandatory Streamlined Energy and Carbon Reporting regulation introduced by the UK Government.

Ashmore Group plc is one of an estimated 900 organisations required to report their Scope 1 and 2 emissions as part of mandatory GHG reporting and SECR. Ashmore Group has provided a summary of this information in its Directors' report.

Carbon offsetting

As part of the Company's wider efforts to develop its climate strategy, Ashmore had previously introduced a Carbon Mitigating Initiative with The Ashmore Foundation to compensate for the CO_2 emitted through its operational business activities and in 2021 extended this such that the Foundation is required to offset the Group's emissions through its operational business activities. In so doing, Ashmore has committed to offset its emissions (Scopes 1 – 3) on an annual basis. Ashmore also recognises that any carbon offsetting initiative needs to be implemented within a broader set of activities over the long term to reduce the impact in relation to climate change.

Ashmore's carbon offsetting initiative has been approved by the Board and is implemented via 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.

Ashmore has set its internal carbon price at €50.20, using the last three months (to the end of June 2021) rolling average market price of the first carbon futures contract traded on the European Energy Exchange. Ashmore will continue to review its internal carbon price methodology as global best practice evolves.

FY2020/21 initiative

This year, the carbon offsetting initiative was implemented through The Ashmore Foundation making a grant to the Peruvian non-governmental organisation La Asociación de la Gestión Rural Económica y Social (PROGRESO). PROGRESO works to improve the economic situation and livelihoods of producers in the Piura region of northern Peru. The organisation helps farmers access markets and improve value chains for crops, whilst focusing on nutritional food security, health and education for families. It focuses on sustainable agriculture and climate change and seeks to improve the quality of life for rural producers by empowering communities. PROGRESO has been working with communities in the region for 27 years to help them reduce costs, increase yields, establish kitchen gardens and increase access to local and global markets.

Historically, farmers used diesel-powered pumps to draw the water from the wells. These are costly to run, both financially, eating up about 25% of annual income, and in terms of the local environmental pollution. A diesel pump will emit 7.4 tonnes CO_2 and cost over US$3,600 to irrigate six hectares annually.

In 2018, PROGRESO piloted a scheme aimed at reducing pollution and lowering the cost of production by replacing diesel-powered water pumps with solar-powered pumps. This resulted in improved income for farmers, food security and a reduction in air pollution and in turn the project will:

1. Improve producer livelihoods and annual incomes by eliminating the costs and travel associated with purchasing diesel.
2. Reduce pollution and CO_2 emissions through installing solar-powered pumps to access underground aquifers for use in irrigation.
3. Create employment by training a young local maintenance engineer.
4. Generate further awareness about the benefits of the solar-power pumps among producers, producer cooperatives and local government.
5. Create a savings scheme for ongoing maintenance and a sustainable longer-term project.
6. Generate interest in financing the scheme from other funders / government.

The Ashmore Foundation is proud to support the PROGRESO team in its work with communities to reduce climate-related impacts and develop more sustainable ways of living.

2. 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.

Emerging Markets are commonly defined as any country considered by the World Bank as belonging to 'low income' or 'middle income' categories. Under this definition, Emerging Markets countries constitute approximately 80% of the world's population. As a leading Emerging Markets fund manager, Ashmore recognises the impact its investments can have on the communities and societies in which they are made.

The assessment of ESG risks and opportunities is an area of focus for both asset owners and investment managers as these can potentially have a material effect on the market value of an issuer's debt or equity.

Ashmore takes an active approach in relation to the evolution of industry standards and norms in this area and works with its investors to align the role of ESG in their strategies and portfolios. With over 25 years' experience investing in Emerging Markets, Ashmore's investment professionals have developed expertise in understanding broader non-financial metrics and indicators and their impact in generating financial returns for clients.

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: – Tobacco – Gambling – Fossil fuels – Defence – Pornography	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).

Ashmore recognises that its impact will vary in breadth and depth across investment themes. With client and industry focus on ESG, Ashmore's investment professionals have continued to strengthen their ESG analysis. Ashmore continues to use the spectrum of capital and investment approaches, above, as a framework for understanding 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.

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.

Ashmore has developed a number of core capabilities which 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 ESG norms and outlines ESG assessment and engagement processes.

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 99 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 reviewed during the relevant theme sub-investment committee meetings, where they are used to inform 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 least annually and are also 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 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 at least 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	– Integration approach and scoring methodology approved by the ESG Committee, chaired by the CEO with representation from each investment committee – Sustainability and ESG integration process across the firm led by the Head of Sustainability and ESG Integration and overseen by the Head of Risk Management and Control – Any ESG scores not reviewed for over 12 months are flagged at the relevant theme sub-investment committee and at the ESG Committee – Stewardship and engagement processes monitored by the Head of Sustainability and ESG Integration and reported to the ESG Committee

Governance

Responsibility for Ashmore's sustainability activities lies with the Board, which delegates to an ESG Committee chaired by the Chief Executive Officer (CEO).

The ESG Committee meets formally at least quarterly and has representation from across the organisation, in particular the investment teams, risk management, operations, investor relations, distribution and legal. Ashmore's integrated approach to ESG assessment means that reviews of all ESG investment related activities are undertaken by the investment committees and the relevant theme sub-investment committees. The ESG Committee reviews and ensures the maintenance and integrity of all responsible investment/ESG processes and procedures.

Public markets strategies

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). Sovereign 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 to 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.

ESG analysis acts as both a form of risk management and a source of alpha generation. Ashmore also considers it to be 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 'industry practice' alongside an assessment of the forward-looking performance.

Practically, the ESG analysis of publicly traded instruments takes the form of a scorecard that is completed and updated by the portfolio manager/s responsible for the coverage of the specific issuer. All the scorecards have been harmonised across the investment themes. When an issuer straddles different themes (e.g. corporate debt and equities), portfolio managers work together to complete the analysis and review of the scores.

The investment thesis, including the ESG score, for an issuer is reviewed, discussed 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.

Examples of ESG criteria

Environment

Corporate	Sovereign
Global impact and GHG emissions, local impact and water and waste management, incidents of environmental pollution, energy management, and use of green energy, policies and innovations to limit negative impact	Carbon emissions, clean energy/climate adaption strategies, natural disasters risk and preparedness, resource use, and environmental regulations

Social

Corporate	Sovereign
Employee diversity and inclusion, customer welfare, human rights and community relations, labour practices and health and safety, supply chain management, materiality of philanthropy spend, and product quality and safety	Basic needs of population, societal stability, human development, economic freedom, labour rights, and inequality

Governance

Corporate	Sovereign
Transparency and disclosure, governance structure, minority interests fair representation, public listing and reporting, management accessibility, long-term incentive scheme KPIs, and strategies to mitigate the impact of ESG risks	Progress to sustainability, institutional strength, rule of law, democratic processes, and corruption

Responsible investing solutions

In addition to the integration of ESG analysis across all investment themes, Ashmore has launched dedicated ESG products covering external debt, corporate debt, blended debt and equity strategies. Additionally, Ashmore Indonesia manages an ESG equity segregated mandate.

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.

Notwithstanding, the ESG scoring of these issuers is also conducted using the same proprietary ESG scoring methodology described above. Ashmore also considers relevant ESG issues, and the investee company's own ESG practices, as part of its due diligence process on prospective alternatives investments.

In so doing, Ashmore's approach is designed to provide superior risk-adjusted returns by mitigating potential risks and increasing asset value. Wherever possible, Ashmore also incorporates 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.

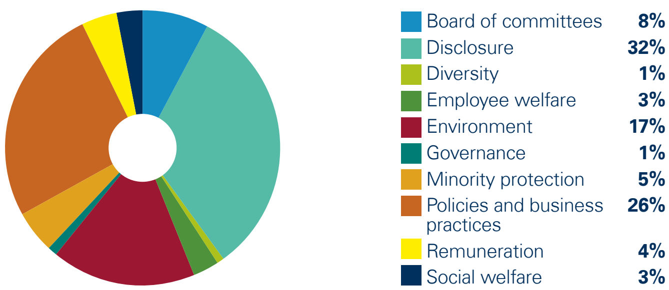
The due diligence process includes identifying the risk category of the proposed investment, analysing specific potential material risks and impacts in ESG areas, documenting best practices within the proposed investment, and evidencing the capacity to implement the required risk mitigation measures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

Stewardship

Ashmore seeks to engage with issuers, both at sovereign 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 line with the Shareholders Rights Directive II, Ashmore has published its engagement policy. During the reporting period, Ashmore's investment teams discussed ESG issues with 278 engagements. The chart below outlines the specific topics discussed.



Almost one-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.

Across all alternatives investments, Ashmore seeks to engage those stakeholders impacted by investment decisions as early on in the project as practically 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	**421**
Number of resolutions voted	3,858
Percentage voted with management recommendations	82%
Percentage voted against management recommendations	9%
Percentage of abstentions	8%
Percentage of votes withheld	1%

Industry engagements

Ashmore has been a proud 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. For example, Ashmore has worked closely with the UNPRI during the period prior to becoming a signatory of NZAMI. The Group's current 2020 PRI scores are shown 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**

Ashmore is also a signatory 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. In this regard Ashmore is actively collaborating with other investors in an engagement with an investee company.

As noted above, in 2021, Ashmore also joined the NZAMI and in accordance with NZAMI guidance, will set interim carbon emissions targets during 2022.

Through such initiatives, Ashmore will engage and collaborate with, and draw upon the expertise of, its peers in order to continue to develop best practice.

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 fossil fuels, including 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.

3. 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.

Human rights 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, a UK registered charity that provides developing countries with access to technology that can support education and improve lives. Computer Aid sends the equipment to various projects across the Emerging Markets 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.

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 10 universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

Ashmore is a signatory to the UNGC and is proud to reaffirm its support of the principles. Ashmore's 2021 Communications on Progress (COP) is outlined in its 2021 Sustainability report.

The Ashmore Foundation

The Ashmore 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$6.9 million to 71 civil society organisations in 26 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 an Executive Director who is responsible for managing the Foundation's affairs. The Ashmore Foundation board of trustees consists of 10 Ashmore employees, one Ashmore Group plc Non-executive Director and one independent trustee. In addition to the board of trustees, Ashmore employees are encouraged to engage directly in the governance of the Foundation through involvement in sub-committees.

Ashmore supports The Ashmore Foundation's charitable activities through the provision of pro-bono office space, administrative support and a matched funding commitment for employee donations to the 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. Employees organise challenge events in support of the Foundation and over the years have summited the UK's three peaks, Mounts Toubkal and Kinabalu, cycled from London to Paris and walked the length of Hadrian's Wall.

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. The Ashmore Foundation may make programme related investments in organisations whose work aligns with its charitable objectives from time to time.

Supporting emergencies

Since March 2020, the rapid spread of the COVID-19 pandemic 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 the COVID-19 pandemic. This has been deployed to 10 organisations across Colombia, Ecuador, India, Indonesia, Peru and the Philippines between May 2020 and May 2021. The trustees have approved a further US$100,000 for the coming financial year given the continuing impact of the COVID-19 pandemic.

ASHMORE'S CONTRIBUTION TO **THE SUSTAINABLE DEVELOPMENT GOALS**

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 refine its process for assessing how it can most effectively contribute to their achievement.

2 ZERO HUNGER

Foundation

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

3 GOOD HEALTH AND WELL-BEING

plc / fund investments

- US$200 million investment in healthcare infrastructure in the United Arab Emirates and Saudi Arabia
- US$10 million investment in oncology and diagnostics clinics in Morocco

4 QUALITY EDUCATION

plc / fund investments

- US$76 million investment in education infrastructure in Saudi Arabia
- US$21 million investment in largest school network in Colombia with 15 education facilities served and aggregate student body of 6,100

Foundation

- US$60,000 invested to contribute to the acceleration of India's development through education and skills development

5 GENDER EQUALITY

plc / fund investments

- US$4 million invested in projects to provide housing to women heads of household

8 DECENT WORK AND ECONOMIC GROWTH

Foundation

- US$37,500 invested to provide financial and technical assistance to social enterprises across Indonesia

9 INDUSTRY INNOVATION AND INFRASTRUCTURE

plc / fund investments

- US$149 million investment in improving transportation infrastructure across Colombia
- US$15.6 million invested in electric bus fleets for Bogotá
- US$29 million investment in the construction of 136 km of power transmission lines in northern Colombia
- US$40.6 million investment in power generation plants to ensure the reliability and coverage of the electricity supply in Colombia and Peru

11 SUSTAINABLE CITIES AND COMMUNITIES

plc / fund investments

- 34,732 low-income housing units
- US$83 million invested in low-income housing
- US$77 million invested in sustainable/certified green assets

Foundation

- US$62,000 invested to improve the quality of life of low-income, rural and vulnerable populations in a sustainable way in Colombia
- US$101,000 invested to strengthen children protection systems across India
- US$100,000 invested to work with marginalised and isolated communities in the Amazon region

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

plc / fund investments

- US$22 million investment in e-battery factory in China
- Energy savings of 28% in operational phase of real estate projects
- Water savings of 33% in operational phase of real estate projects

Pages 1 to 66 constitute the Strategic report which was approved by the Board on 2 September 2021 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

2 September 2021

COMMITTED TO ROBUST STANDARDS OF GOVERNANCE

Mark Coombs

Chief Executive Officer (Age 61)

Appointed to the Board: December 1998.

Skills, experience and contribution:
Mark Coombs founded the business which became Ashmore in 1992 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 47)

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 59)

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 and the Department for Work and Pensions. 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

Key to membership of committees

A – Audit and Risk

N – Nominations

R – Remuneration

(A bold letter denotes the Chair)

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 2020 and 30 June 2021	Board Attended	N: Nominations Committee Attended	A: Audit and Risk Committee Attended	R: Remuneration Committee 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
Helen Beck**	1/6	–	–	–

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

* Dame Anne Pringle retired as a Director and Chair of the Remuneration Committee on 30 June 2021.
** Helen Beck was appointed a Director on 1 June 2021 and became Chair of the Remuneration Committee on 1 July 2021.

COMMITTED TO ROBUST STANDARDS OF GOVERNANCE (CONTINUED)

Clive Adamson

Senior Independent Director (Age 65)

Appointed to the Board: October 2015.

Skills, experience and contribution:
Clive Adamson has enjoyed a 44 year career in financial services spanning executive roles in banking and regulation and, more recently, board roles across wholesale and retail banking, insurance and asset management.

Other roles past and present:
He spent 20 years in wholesale banking initially with Citigroup and then with Bank of America where he held a number of senior positions including Regional Head of the UK and Northern Europe. He then moved into regulation as an adviser at the Bank of England before being appointed as Director of Major UK Groups at the newly formed Financial Services Authority, a position he held during the financial crisis. Clive then moved to the Financial Conduct Authority on its formation where he was Director of Supervision and an Executive Member of the Board. After 17 years in financial regulation, Clive has been a Non-executive Director of Virgin Money plc and currently is a Non-executive Director of JP Morgan Securities plc and the Chair of JP Morgan Europe Ltd which houses the new Chase UK digital banking business, and a Non-executive Director and Chair of the Board Risk Committee of M&G plc. He is also a Senior Adviser at McKinsey & Company. Clive holds an MA in Economics from Cambridge University.

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

Jennifer Bingham

Independent Non-executive Director (Age 69)

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

Helen Beck

Independent Non-executive Director (Age 59)

Appointed to the Board: June 2021.

Skills, experience and contribution:
Helen Beck is a commercial international advisor with significant experience in advising boards on remuneration and Human Resources. She has a strong executive track record in building and growing client centric businesses with extensive Financial Service experience across a broad range of asset management firms and banks.

Other roles past and present:
She was formerly a Partner and Head of Financial service remuneration practice with Deloitte LLP specialising in reward structures for Board members, senior executive members and staff below board level for FTSE 100 and 250 companies. Prior to joining Deloitte, Helen held a number of senior executive appointments in Human Resources, Remuneration and Consultancy, including Standard Bank as Global Head of Reward and Benefits, McLagan Partners as Managing Director and as Head of HR for Fidelity Asia-Hong Kong. She is a Non-executive Director of Funding Circle Holdings plc, a Governor of University of Bedfordshire and member of the remuneration committee, Independent member of the remuneration committee for the British Olympic Association and Governor of the John Whitgift Foundation, including being chair of the salaries committee. She holds a BA in Social Administration, is a Member of the Institute of Personnel Development and holds a Post Graduate Diploma in Personnel Management.

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

COMMITMENT TO ROBUST GOVERNANCE

Dear Shareholder,

As I write this letter to you we are emerging from a turbulent period that has been dominated principally by the COVID-19 pandemic, however, in the UK at least, the vaccination programme has heralded a planned return to the office-working environment in the near future.

I would like to take this opportunity to thank Ashmore's staff for the speed and efficiency that they were able to successfully and seamlessly transition to a "working from home" environment and I am confident the same resilient approach will be evident when the firm returns back to the office. The hard work and commitment of our staff have enabled the business to operate uninterrupted during this time. The application of sophisticated technology within the business combined with Ashmore's tried and tested business continuity planning have played a significant role in this process and the Board has continued to meet in a virtual environment in accordance with its pre-planned schedule for the year. I am pleased to report that the Group did not furlough any of its staff nor did it request COVID-19 related Government support during this period.

Governance and Company purpose

The efficiency and effectiveness of Ashmore's governance structure plays a vital role in the execution and delivery of the Group's strategy. On page 76 is a summary of the Board's activities during the year, including the Board's role in setting the strategy and keeping it under review. The Delegated authorities and Schedule of matters reserved to the Board are reviewed every year, which serves to ensure that key decisions are considered by 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 at the start of this report.

Engagement with stakeholders

Ashmore's stakeholders, and how the Board engages with them, are described in the Section 172 statement on pages 42 to 45. While direct in person engagement has not been possible this year we have nevertheless continued to engage with our stakeholders by telephone and video conference.

Last year we held the triennial vote on our Remuneration policy, which shareholders approved. As the vote of shareholders against the Remuneration policy was 30.84% the Company accordingly announced that it would continue its dialogue with shareholders in order to understand their views.

Dame Anne Pringle, in her capacity as Chair of the Remuneration Committee, together with members of the executive management team, engaged with shareholders on the policy vote and a number of other remuneration related matters with the objective of gaining a better understanding of shareholder views on this important area.

Whilst the extensive engagement we have undertaken with our shareholders has improved the levels of broad-based support for Ashmore's Group-wide Remuneration policy, nevertheless certain corporate governance teams continue to remain opposed to specific elements of that policy. Therefore we will continue to engage with all our major shareholders on all aspects of our remuneration arrangements. More information on the rationale underlying the remuneration arrangements that have served our Company so successfully over the years can be found in the statement from the Chair of the Remuneration Committee on page 83.

The Chief Executive separately held a number of virtual meetings with shareholders on business related topics as did the Group Finance Director, the Head of Investor Relations and members of the executive team. These engagement activities are reported to the Board as part of a standing agenda item. An Investor relations calendar including shareholder engagement appears on page 43.

COMMITMENT TO ROBUST GOVERNANCE (CONTINUED)

Over the past few years the Board had engaged directly with the workforce, with teams of employees being invited into the Boardroom at the end of scheduled meetings on a rotational basis. This format has enabled the Directors to engage directly with employees in a two-way informal discussion with no agenda or scripted questions and it has provided the Board with valuable insights into the culture of the business. The COVID-19 restrictions have placed limitations on our ability to continue with these face to face sessions over the last 12 months but it is intended that they resume as soon as the working environment is normalised. The Board also intends to visit the Singapore and Jakarta offices and gain a first hand account of the local businesses and culture. Once completed, the Board will consider its' benefits and whether trips of this nature should be a more regular event.

Jennifer Bingham was appointed last year as the Non-executive Director responsible for workforce engagement. This is one of the three methods for achieving workforce engagement specified by the Code.

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. 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 in July 2021.

Board evaluation

The triennial, independently facilitated, Board evaluation took place this year and was conducted by Korn Ferry. It is clear from the outcomes of the evaluation process that the Board plays a critical function in providing oversight and ensuring good governance within the organisation. To this end, the Board continues to ensure that the appropriate governance structures are in place, that risk and compliance management is robust, that the risk appetite is clearly defined, and that the regulatory environment surrounding Ashmore is understood.

The Non-executive Directors were also unanimously of the view that Ashmore's remuneration structure benefits the Company and that it is fully aligned with the financial, investment and other performance metrics, and the culture within the Company.

The hard work and commitment of our staff has enabled the business to operate uninterrupted during this time.

Compliance and regulation are high on the Board's agenda, as they are across the business, and the Board remains alert to changes in governance expectations across the institutional investor community.

Another outcome of the evaluation process was recognising that the Board has a culture of self-improvement which permeates the business. The Non-executive Directors have undertaken a number of detailed reviews with executive management on particular subjects to further educate them on specific areas of the business.

While the Board has operated efficiently and effectively in its virtual state, it is now looking forward to a return to physical meetings. The Board has valued the cycle of in-person management presentations and the informal meet the team sessions. Following the return to the office it is intended that further face-to-face training sessions will take place on a number of other topics that will be beneficial and which will continue the culture of training and self-improvement.

The Nominations Committee has discussed succession planning for both the Board and senior management, and is satisfied that the plans in place are suitable and can be relied upon in the event of any unexpected developments.

The Board believes that, following the completion of the Board evaluation, the performance of the Chairman, Directors and Board committees continues to be effective and they continue to make an important contribution to the Company's long-term sustainable success as a result of their commitment to their roles and their wide-ranging skills. The Company considers each of the Independent Non-executive Directors will continue to be an effective Director.

Details of what each Director contributes to the Board are provided in the Directors' profiles on pages 67 to 68 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 with some additional restrictions for Directors. More information on how Ashmore invests in and rewards its people is provided in the Remuneration report on page 83.

Diversity

In order to achieve its strategy the Group needs to attract and develop a diverse workforce. Ashmore has 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 54. 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 Nominations Committee's terms of reference, aimed at achieving diversity in senior management appointments. The Board discusses diversity at least annually and this is described further in the Directors' report on page 117. We believe we are already an inclusive employer, but we continue to seek opportunities to improve our ethnic and gender diversity.

Board changes and time commitments

Dame Anne Pringle retired from the Board on 30 June 2021 following more than eight years of diligent service with our Company. On behalf of the Board I would like to thank her for her contribution and wish her well for the future. We also welcomed Helen Beck to the Board on 1 June 2021 and she has taken over Anne's former role as Chair of the Remuneration Committee following regulatory approval from the FCA. Helen's extensive experience as a Remuneration and HR specialist has enabled her to step into this role with effect from 1 July 2021, and her biography describing her experience is set out on page 68. She also joined the Audit and Risk and Nominations Committees effective 1 July 2021. Any potential conflict and/or additional time commitment was declared to the Board and approval given at the time of appointment. All appointments are disclosed to and considered by the Board in the context of the overall time commitments of the relevant Director (bearing in mind any roles that had also been relinquished) and whether such commitments impinge on their duties to Ashmore. During the year Clive Adamson extended his time commitments to JP Morgan Europe Limited and I became a Non- executive Director for the Department of Work and Pensions. Details of all the Directors' other commitments are provided on pages 67 to 68.

Wider society

Interest in ESG has gained greater ascendency and momentum as society's expectations on matters such as ethical investing have developed across the globe. Many of Ashmore's stakeholders (shareholders, employees and clients alike) are promoting higher standards in this area and Ashmore continues to be mindful of the impact of its activities in the countries in which it operates and invests, and seeks continuous improvement in this area. Our Section 172 statement on pages 42 to 45 sets out how we have taken account of our stakeholders, and the Sustainability report on pages 51 to 66 describes the good work that has been done this year by The Ashmore Foundation and the offsetting of our carbon emissions. A more extensive review of Ashmore's activities in ESG can be found on page 50.

Dividend

The Board is recommending a final dividend of 12.10 pence per share, to give total dividends per share for the year of 16.90 pence, and reflecting the balance between the strong statutory profit growth, driven by unrealised seed capital gains, and the lower adjusted profits.

David Bennett
Chairman

2 September 2021

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 Code on pages 72 to 73.

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 2021. 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 16 to 17, but the challenge is to ensure that this success continues and is sustainable. Pages 42 to 45 and page 76 of this report include examples of matters considered by the Board during the year and the factors that were considered when making those decisions. The Sustainability report at page 51 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 76 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 36 to 41 and the Audit and Risk Committee report at page 77 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 69 and the Company's Section 172 statement 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 69.

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 69, 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 81 the composition of the Board and its structure are 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 75. 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 statement on page 71.

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 67 to 68 and their attendance at meetings on page 67. 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 74 to 76.

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 77, 81 and 83.

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 81 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 76.

L. An independently facilitated Board evaluation was carried out in FY2020/21 with the last external evaluation having taken place in FY2017/18 based on a three-year cycle. This included an evaluation of the Chairman's performance with input from the Executive Directors and the findings were then discussed. Further information on this year's Board review and review of the Chairman's performance is provided on page 70.

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 on page 77.

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 78.

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 on page 77.

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 83 to 115 provides further details. The Remuneration policy can be found on pages 98 to 104.

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 on page 83.

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 on page 83.

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
- Environmental, Social and Governance (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, equities, healthcare and special situations investment committees

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 has 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

Independent 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 2020
- Annual Review on the Effectiveness of Risk Management and Internal Control Systems
- Internal Capital Adequacy Assessment Process (ICAAP) Report
- ESG presentation
- Ashmore India presentation
- Distribution presentation

October 2020
- Operations and IT presentation
- The Ashmore Foundation presentation
- Annual General Meeting arrangements, results of proxy voting and governance agency reports

December 2020
- 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
- Chief Risk Officer review
- Tax presentation

February 2021
- Review of Seed Capital Policy
- Review of Foreign Exchange and Risk Management Framework Policy
- Update of ICAAP
- Ashmore Colombia presentation

April 2021
- Equity presentation
- Compliance officer report
- External facilitation for Board evaluation arrangements
- Renewal of the Group and Funds' insurances

June 2021
- 2021/22 Budget
- Local Currency presentation
- ESG presentation

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

Deep dive presentations for Non-executive Directors:

- Market risk review
- Principal risk review
- Pricing and Valuation Methodology Committee
- Risk and Compliance Committee

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 2021. 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 78. 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

Dame Anne Pringle retired on 30 June 2021 and was succeeded by Helen Beck as a member of the Committee on 1 July 2021.

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, carrying out an annual performance evaluation exercise and reporting to the Board on how it has discharged its responsibilities.

TO PROVIDE OVERSIGHT AND CHALLENGE (CONTINUED)

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 and Control, 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 the relevant sessions of 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 Group 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 format for meetings of the Committee was changed, being divided into two sessions, the first addressing risk management and compliance reporting and the second addressing financial and auditing reporting. This new format is relatively early in its evolution but has improved the efficiency of meetings and ensures that management team members' time is optimised. The key personnel are in attendance throughout the meeting and the Committee will assess whether this change is one which should be continued, particularly when the meetings become in-person again.

The Committee considered a range of topics including product governance, balance sheet risks and risk appetite metrics, subsidiary and funds reporting and governance, cyber security and GDPR. 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 2021 Annual Report, the interim results and reports from the external auditor, KPMG LLP, on the outcome of its reviews and audits in the FY2020/21.

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 19. The key judgement and estimates involved are discussed in note 31.

The method of accounting for level 3 assets can be found in note 4.

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 38.

During the year the Financial Reporting Council (FRC) conducted a review of Ashmore's 2020 accounts which was based solely on the FY2019/20 accounts. The FRC did not benefit from detailed knowledge of the Group's business or an understanding of the underlying transactions entered into. It was, however, conducted by staff of the FRC who have an understanding of the relevant legal and accounting framework. The FRC did not have any questions or queries that they wished to raise with the Company but did make a number of small suggestions where they considered users of the accounts could benefit from added disclosures. The Audit and Risk Committee discussed the FRC's additional disclosures and they have been taken into account in the preparation of the FY2020/21 accounts.

UK Corporate Governance Code

A separate Corporate governance report is included on pages 69 to 76 which includes explanation of how the Group has applied each of the principles of the 2018 UK Corporate Governance Code.

External auditor

For FY2020/21 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, the auditor rotate the audit partners every five years. Accordingly a new KPMG audit partner will be appointed for FY2021/22.

The external auditor attends the relevant sessions of 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 and approved by the Chair of the Committee. 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 FY2020/21 the value of non-audit services provided by KPMG LLP amounted to £0.2 million (FY2019/20: £0.1 million). Non-audit services as a proportion of total fees paid to the auditor were approximately 22% (FY2019/20: 17%). 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); and
- reporting on the internal control systems applicable to Ashmore's offices in London, Dublin and Singapore as required under the international standard ISAE 3402, pursuant to investment management industry 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 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 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 36 to 41.

TO PROVIDE OVERSIGHT AND CHALLENGE (CONTINUED)

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; and retail conduct risk, anti-money laundering controls and sanctions compliance. The Committee also approve the Compliance monitoring plan and reviews 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. During the year the Board, including all of the Committee members, also attended a separate bespoke training session on cyber security from the Head of IT Infrastructure.

Funds' audits

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

Audit and Risk Committee effectiveness

An externally facilitated evaluation was conducted by Korn Ferry which 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

2 September 2021

TO ENSURE A FAIR AND BALANCED BOARD

"

There were no changes to the membership of the Nominations Committee (the Committee) this year. The Company's 2020/21 financial year was a year in which the Board and committee structure put in place in the 2018 financial year 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.

Dame Anne Pringle retired from the Board on 30 June 2021 and Helen Beck, who joined the Board on 1 June 2021, joined the Committee on 1 July 2021.

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

Dame Anne Pringle retired on 30 June 2021 and was succeeded by Helen Beck as a member of the Committee on 1 July 2021.

The ongoing responsibilities of 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 310 employees globally, it is unrealistic to expect a 'diverse pipeline' to be available from within the organisation for every senior management vacancy. To counterbalance this, the terms of reference of the Committee provide that it will focus on diversity within candidate pools. The Group's policy on diversity is described in the Directors' report on page 117.

TO ENSURE A FAIR AND BALANCED BOARD (CONTINUED)

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 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 54.

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 67.

An externally facilitated evaluation was conducted by Korn Ferry which 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.

David Bennett
Chair of the Nominations Committee

2 September 2021

REMUNERATION COMMITTEE

Introduction

As Chair of the Remuneration Committee, and on behalf of the Board, I am pleased to introduce our Directors' Remuneration report for the year ended 30 June 2021.

This is my first report as Chair of the Committee having joined the Ashmore Group plc Board on 1 June 2021 and having succeeded Dame Anne Pringle as Chair with effect from 1 July 2021. I would like to thank Dame Anne Pringle for her work as a member of the Remuneration Committee, which she joined in October 2013, for her time as Chair, a role she held since October 2018, for her time during this period of hand over and her insights into the activities of the Committee throughout the year. All other Remuneration Committee members have served on the Committee for a number of years.

Post AGM feedback and next steps

At the Company's Annual General Meeting (AGM), held on 16 October 2020, all resolutions were passed and there was an increase in shareholder support for the Remuneration report in comparison to the 2019 AGM. However, the vote of shareholders against the Remuneration policy was 30.84% and the Company announced that it would continue its dialogue with shareholders in order to understand their views.

Following the AGM, the Company continued to communicate with its shareholders, including those who voted against the Remuneration policy, and I would like to thank shareholders for their ongoing feedback on behalf of the Remuneration Committee.

The Remuneration Committee has discussed the views expressed by investors and there continues to be broad based support for Ashmore's flexible and equity-orientated Group-wide Remuneration policy, although certain shareholder corporate governance and proxy adviser teams remain opposed to specific elements of the Remuneration policy which, when looked at in isolation, do not conform to generic executive remuneration guidelines.

The importance of remuneration in shaping a resilient culture

One key element of Ashmore's remuneration structure 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 resilient culture as an organisation.

The Remuneration policy has been designed with our team-based approach 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. This has been demonstrated in the period since Ashmore listed, where the CEO was paid no annual bonus in 2009, 2014 or last year in 2020. Over the same period there has been significant variability in the percentage of profits which have been paid to the employees in aggregate, as the total sum available for annual variable remuneration is capped each year; this has ranged between 14% and 22.5% of EBVCIT, again demonstrating a strong emphasis on the Remuneration Committee exercising its judgement to reward performance or otherwise.

The current Remuneration policy ensures that between 40% and 77% of the variable pay of Executive Directors is deferred for five years into Ashmore Group plc shares. With a low basic salary and no separate LTIP, this also results in a very high proportion of total remuneration being deferred into shares, and also being subject to malus and clawback policies.

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 has been critical to the firm's success that this approach has been maintained through market cycles, with continuity of personnel in the investment management teams, distribution and support functions, all of whom are remunerated through a similar pay structure.

The policy therefore allows the Remuneration Committee to vary 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.

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.

REMUNERATION COMMITTEE (CONTINUED)

Performance assessment and bonus awards for FY2020/21

As has been noted elsewhere in the report, Ashmore's established business model has operated as expected over FY2020/21 and delivered strong investment performance with 96% of AuM outperforming benchmarks over one year, higher performance fees and a return to net inflows in the second half of the year. While there was strong growth in statutory profits, lower adjusted profits reflect the state of the recovery cycle.

There were no major changes to the Executive Directors' remuneration as this was the first application of the policy approved at the October 2020 AGM.

As can be seen in more detail later in the report on page 97, the outcome of the Committee's deliberations in a year demonstrating exceptionally strong fund performance and a return to AuM growth, but in which adjusted profits were reduced relative to FY2019/20, was to award a bonus to the CEO of £1,500,000.

The GFD demonstrated strong personal performance, but in a business with reduced profitability the Committee determined that his bonus should be reduced by 6% relative to FY 2019/20 to £850,000.

The Committee determined that in order to appropriately recognise the significant improvement in investment performance it increased the percentage of EBVCIT made available for variable compensation, setting it at 22% (FY2019/20: 19.5%), whilst recognising that in absolute terms this equates to a total sum which is 3% lower than in FY2019/20 reflecting the lower adjusted profits.

The Remuneration Committee considered the performance of the Executive Directors in the round, taking into account their performance criteria, and determined that the bonus awards for the Executive Directors are fair and justified and therefore no further discretion has been applied or any malus or clawback.

Remuneration Structure for FY2021/22

Environmental, social and governance

Ashmore has been active in ESG initiatives for a number of years and has a well established Foundation, whose activities are detailed on pages 64 to 65 of this report. The Committee has considered the actions taken during FY2020/21 in relation to ESG when determining variable remuneration levels, detailed within this report, and will build on this aspect of performance measurement in the coming period.

UK Investment Firm Prudential Regime (IFPR)

Ashmore's UK regulated business will be subject to IFPR when it is introduced on 1 January 2022. The Executive Directors and other senior employees whose remuneration is determined by the Remuneration Committee will be subject to the MIFIDPRU Remuneration Code for the performance period commencing 1 July 2022. Ashmore engaged with the FCA in response to their consultation paper which related to remuneration matters. As stated earlier, Ashmore believes remuneration is a subject which is material to the culture of the organisation as a whole, given the Remuneration policy at Ashmore has been designed to consistently apply to all Ashmore Group employees, not just Executive Directors and senior managers.

Looking forwards

Once the impact of the final IFPR rules on the Directors' Remuneration policy, approved by shareholders at the 16 October 2020 AGM, is clear, the Remuneration Committee will actively seek to engage with shareholders on any planned changes to the Remuneration policy. The Committee will also continue to monitor other developments in remuneration.

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

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 FY2020/21, including the key metrics behind that assessment;
3. The Directors' Remuneration policy, which was approved by shareholders at the October 2020 AGM for three years; and
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 15 October 2021.

Together with my colleagues on the Remuneration Committee I would welcome your support for the 2021 Annual Report on Remuneration.

Helen Beck
Chair of the Remuneration Committee

2 September 2021

Activities of the Remuneration Committee

During FY2020/21, 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 Directors' attendance at the Remuneration Committee meetings is set out in the table on page 67. Helen Beck attended one meeting during FY2020/21 as an observer, after her appointment to the Board on 1 June 2021.

Regulatory considerations for FY2020/21

For remuneration relating to FY2020/21, 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 105. Throughout the period regular regulatory updates were provided to the Committee.

Ashmore's UK employee headcount remains significantly under 250, and as a result of this, Ashmore is not required to include a CEO pay ratio calculation as part of the remuneration report.

Consideration of malus and clawback for FY2020/21

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 FY2020/21.

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 incentive and 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…

These principles assist the Committee in determining its policy and practices, and are in compliance with Provision 40 of the UK Corporate Governance Code.

1. Discretion and flexibility

Variable remuneration is not formulaic or capped at an individual level, albeit there is a cap at an aggregate 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:

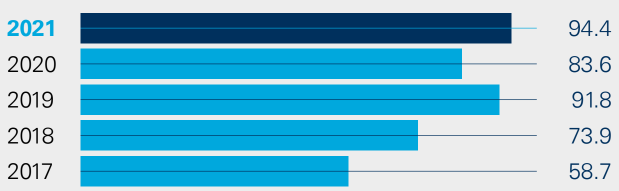
- Group financial performance;
- The overall bonus pool available in the period;
- Input from the Group Head Compliance and the Group Head of Risk Management and Control regarding organisational and individual performance in these areas over the year;
- Progress in relation to the Group's strategic objectives;
- 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;
- Environmental, social and governance matters;
- 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.

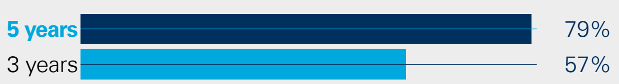
AuM development

Compound increase in AuM (US$bn)



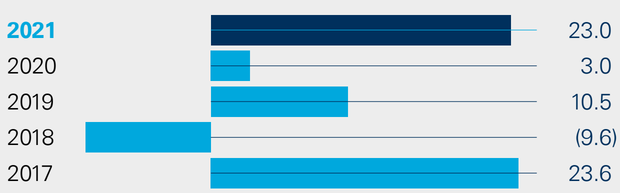
Investment performance

% 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 30 June 2021

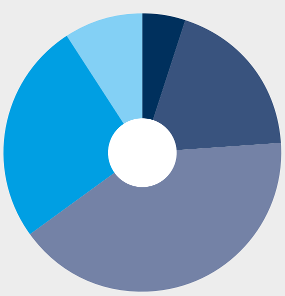
The Chief Executive's remuneration outcomes

The Chief Executive 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. In addition the Chief Executive has elected to waive ten percent of his bonus, other than the element which is delivered in a prescribed form to comply with the AIFMD remuneration code, to a charity or charities nominated by himself.

The Chief Executive's annual bonus comprising cash and restricted share awards at grant value for FY2020/21 is £1,950,000 (£0 FY2019/20).

The total sum ultimately to be received by the Chief Executive will be dependent on achievement relative to the performance conditions, which means that up to £525,000 of this sum may not be paid out when the share awards vest in 2026.

Shares awarded to the Chief Executive in 2015 reached their vesting date during FY2020/21. A proportion of these awards were subject to performance conditions, based on investment performance, increasing AuM, profitability and relative TSR and partially vested once these conditions had been applied. In addition, the Chief Executive received £205,842 in dividend equivalents which were rolled up and paid to the extent the underlying awards vested.



Salary	**5%**
Annual cash bonus	**19%**
Annual bonus deferred into equity	**41%**
Annual bonus deferred into equity, with additional performance conditions	**26%**
Annual bonus waived to charity	**9%**

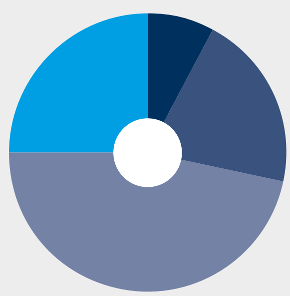
The Group Finance Director's remuneration outcomes

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 for FY2020/21 is £1,105,000 (FY2019/20 £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 £297,500 of this sum may not be paid out when the share awards vest in 2026.

Shares awarded to the Group Finance Director in 2015 reached their vesting date during FY2020/21. A proportion of these awards were subject to performance conditions, based on investment performance, increasing AuM, profitability and relative TSR and partially vested once these conditions had been applied. In addition, the Group Finance Director received £68,614 in dividend equivalents which were rolled up and paid to the extent the underlying awards vested.

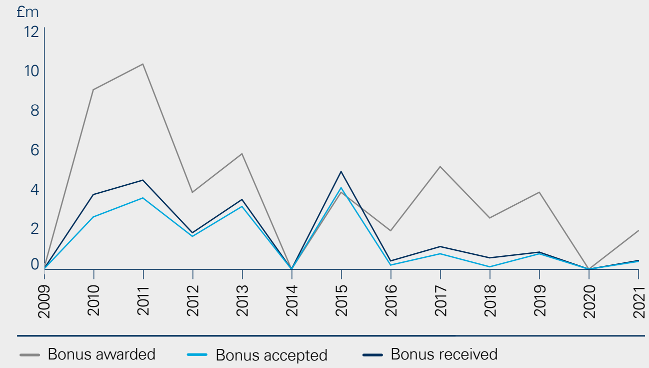


Salary	**8%**
Annual cash bonus	**20.3%**
Annual bonus deferred into equity	**46.7%**
Annual bonus deferred into equity, with additional performance conditions	**24.7%**

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 2021. 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]



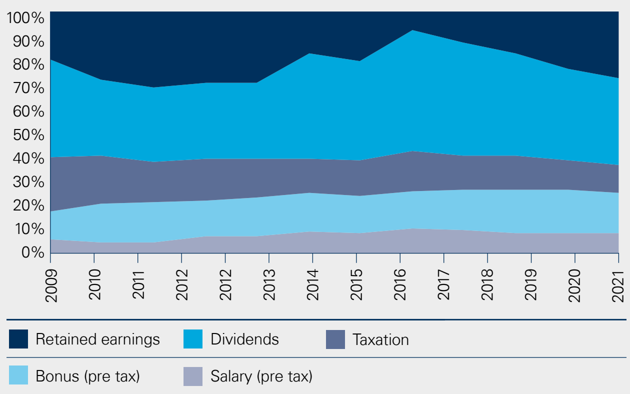
Bonus awarded – includes cash paid in the year and restricted, bonus and matching shares at grant value

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, salaries, bonus 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 2015 which vested between 2015 and 2020. No cash bonus or 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 2016 onwards.
2. Dividends includes the estimated cost of the proposed final dividend for FY2020/21.

REMUNERATION AT A GLANCE (CONTINUED)

Performance assessment of Executive Directors for the year ending 30 June 2021

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

During FY2020/21 adjusted net revenues declined by 9% to £296.6 million (FY2019/20: £325.0 million) and adjusted EBITDA fell by 12% to £195.7 million (FY2019/20: £222.5 million), as although over the 12-month period AuM recovered by 13%, average AuM was broadly flat, combined with a reduction in average management fee margin of 4bps. Continued focus on cost management meant that the adjusted EBITDA margin was 66%. Diluted EPS increased by 33% to 34.2p. The Group's strong and liquid balance sheet was maintained with capital resources of £765.1 million and excess regulatory capital of £609.2 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, is 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 team 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 performing 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, reviewing individual employees in the context of their personal performance, benchmarking data points and business performance and proposing 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 delivered strong investment performance in FY2020/21, however has lower adjusted profits than in FY2019/20. In order to appropriately recognise the significant improvement in investment performance the Committee has increased the percentage of EBVCIT made available for variable compensation, setting it at 22% (FY2019/20: 19.5%), whilst recognising that in absolute terms this equates to a total sum which is 3% lower than in FY2019/20 reflecting the lower adjusted profits.

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 within the management team and has satisfied itself that there remains sufficient funding to retain and reward employees appropriately within the agreed 22% bonus pool.

Group earnings before interest and taxes (EBIT)

Quantitative or qualitative: Quantitative

Financial or Non-Financial: Financial

2019/20: £209.7m

2020/21: £258.3m

Movement in management fee margins

Quantitative or qualitative: Quantitative

Financial or Non-Financial: Financial

2019/20: 45bps

2020/21: 41bps

Approximately half of the decline in the net management fee margin compared with the prior year is explained by theme and client mix effects. The overall impact of investment theme mix changes, for example the increase in overlay / liquidity AuM and lower average AuM in blended debt together with a positive contribution from the growth in equities and locally-managed AuM, reduced the margin by one basis point. Net outflows from intermediary retail clients and other mutual fund net redemptions had a 1.5 basis points effect.

Flows into new and existing large institutional mandates reduced the margin by less than 0.5 basis point and the remaining movement of approximately one basis point is attributable to competition and other factors.

FX, treasury and seed capital management outcomes

Quantitative or qualitative: Quantitative

Financial or Non-Financial: Financial

During FY2020/21, the Group made new seed investments of £134.6 million and successfully redeemed £106.0 million of previous investments. The consequent net redemption of £28.6 million together with unrealised mark-to-market gains of £69.8 million mean the market value of the Group's seed capital investments increased from £238.4 million to £336.8 million. Ashmore has also committed £8.9 million of seed capital to funds in the alternatives theme that were undrawn at the year end, giving a total committed value for the seed capital programme of £345.7 million. The seed capital investments generated total gains of £92.5 million in the period including realised gains of £8.5 million. This comprises £72.5 million mark-to-market gains in respect of consolidated funds and £20.0 million gains in respect of unconsolidated funds that are reported in finance income. (FY2019/20: £7.6 million loss in the year including realised gains of £4.0 million. This comprises £9.0 million in respect of consolidated funds and £1.4m in gains in respect of unconsolidated funds that are reported in finance income).

Revenues include a £4.3 million foreign exchange gain, delivered through active management of the Group's Sterling and foreign currency balances.

REMUNERATION AT A GLANCE (CONTINUED)

Factors the Remuneration Committee considers as indicators of in-year performance

Cost management

Quantitative or qualitative: Quantitative

Financial or Non-Financial: Financial

Total operating costs of £104.3 million include £1.7 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 6% to £103.7 million (FY2019/20: £105.9 million). At constant exchange rates, adjusted operating costs declined by 2% compared with FY2019/20. Adjusted operating costs before variable compensation were 6% lower at £49.0 million (FY2019/20: £52.0 million).

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 2021

By AuM	1 year
External debt	92%
Local currency	100%
Corporate debt	100%
Blended debt	98%
Equities	82%
Multi-asset	95%
Overall	**96%**

By AuM	3 year
External debt	36%
Local currency	99%
Corporate debt	67%
Blended debt	25%
Equities	86%
Multi-asset	0%
Overall	**57%**

By AuM	5 year
External debt	67%
Local currency	99%
Corporate debt	79%
Blended debt	75%
Equities	52%
Multi-asset	100%
Overall	**79%**

The majority of the Group's AuM is outperforming relative to benchmarks with 96% of AuM outperforming over one year and 57% over three years. 79% of assets are outperforming benchmarks over five years.

Relative performance by theme (quartiles)

	1 year	3 year	5 year
External debt	Q1	Q4	Q3
Local currency	Q1	Q2	Q1
Corporate debt	Q1	Q3	Q1
Blended debt	Q1	Q4	Q3
Frontier Markets equity	Q4	Q2	Q3
All Cap Emerging Markets equity	Q1	Q1	Q1
Active equity	Q1	Q1	-
Multi-asset	There is no relevant Multi-asset peer group		

Investment performance relative to peers is top quartile in all fixed income and the largest equity themes over one year. Local currency and corporate debt performance is top quartile over five years. All cap equity is top quartile over one, three and five years, active equity is top quartile over one and three years. One year relative performance in frontier equity, and three and five year relative performance in external and blended debt 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 2020 was US$83.6bn

Year end AuM was US$94.4bn

	AuM 30 June 2020 US$bn	Performance US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	**AuM 30 June 2021 US$bn**
External debt	17.1	1.6	1.9	(2.4)	(0.5)	**18.2**
Local currency	18.7	1.9	2.4	(3.4)	(1.0)	**19.6**
Corporate debt	10.6	1.6	2.1	(3.0)	(0.9)	**11.3**
Blended debt	23.3	2.7	2.4	(5.0)	(2.6)	**23.4**
Equities	4.6	1.9	2.6	(1.7)	0.9	**7.4**
Multi-asset	0.3	–	–	–	–	**0.3**
Alternatives	1.4	–	0.2	(0.2)	–	**1.4**
Overlay/liquidity	7.6	(0.1)	6.0	(0.7)	5.3	**12.8**
Total	**83.6**	**9.6**	**17.6**	**(16.4)**	**1.2**	**94.4**

Investment performance during the period drove 88% of the US$10.8 billion AuM increase, assisted by net flows of US$1.2 billion.

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 reverted to the long-term trend of raising allocations to Emerging Markets during the period. Approximately 80% of institutional net flows were from existing clients increasing allocations within existing mandates or broadening their Emerging Markets investments.

Phase 2: Diversify investment themes and developed world capital sources

Ashmore's equities business performed well in FY2020/21, with AuM growth of 61% YoY including net inflows of US$0.9 billion.

Ashmore expanded its dedicated ESG fund range with the launch of sovereign and corporate funds.

Risk aversion resulted in the proportion of AuM sourced through intermediary retail channels dropping from 11% to 8%.

Phase 3: Mobilise Emerging Markets capital

Local asset management operations manage US$7.2 billion, 8% of the Group's total AuM (FY2019/20: US$5 billion, and 6%).

More than a quarter (26%) of Group AuM is sourced from clients in the Emerging Markets.

Overall progress towards these three strategic goals has improved through FY2020/21, as a result of strong investment performance and the return of the Group to net inflows.

REMUNERATION AT A GLANCE (CONTINUED)

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 operations are profitable. Aggregate AuM of subsidiaries is US$7.2 billion, 8% of the Group's total AuM. Ashmore Indonesia and Ashmore Saudi Arabia have developed particularly well during this period, with AuM managed locally increasing by 51% and 55% respectively.

Environmental, social and governance matters

Quantitative or qualitative: Qualitative and Quantitative

Financial or Non-Financial: Financial and Non Financial

During the FY2020/21, Ashmore became a signatory to the Net Zero Asset Managers Initiative, joined the Climate Action 100+ initiative, and is currently participating in a collaborative engagement with an Emerging Markets issuer. The Board approved a carbon offsetting initiative, which through The Ashmore Foundation will seek to offset fully the Group's emissions by supporting projects in developing countries with environmental and social benefits. Also during the year, the Board approved an annual charitable contribution equivalent to 0.5% of the Group's profit before tax excluding unrealised seed capital gains. This means that in respect of FY2020/21, the Group will make a payment of £1.0 million to The Ashmore Foundation and other charitable activities. The Group completed data collection and commenced regular reporting to the Board and to one of its monthly specialist committees in regards to diversity and inclusion matters, with further initiatives underway to support the development of the pipeline of under-represented groups into the workplace. Details of the Board's engagement with Ashmore's broad range of stakeholders can be found in the Section 172 statement on pages 42 to 45.

Employee turnover, retention of key employees, recruitment and succession planning

Quantitative or qualitative: Quantitative

Financial or Non-Financial: Non-Financial

The Group's permanent average headcount was stable over FY2020/21 at 301 employees of which 295 are involved in investment-management related activities (FY2019/20 averages: 301 and 292, respectively), demonstrating strong cost control.

Employee turnover reduced during FY2020/21, with unplanned turnover for the Group excluding the subsidiaries at 3.7% (FY2019/20: 6.0%) and at 6.6% including the subsidiaries (FY2019/20: 8.6%); 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 (for the period to 30 April 2021) and Facilities departments, managed by the Group Finance Director, have been managed effectively throughout the period, with a well managed response to the ongoing COVID-19 pandemic.

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 FY2020/21 24 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 FY2020/21 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 FY2020/21. The Remuneration Committee is satisfied that all relevant regulatory and corporate governance requirements have been met appropriately.

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.

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 Group has reacted appropriately to events arising through the year. During the period the most material operational event was the continued impact of the COVID-19 pandemic on the business.

The Chief Executive and Group Finance Director have managed and overseen the continuation of effective working from home, and in some locations have managed the partial return to office based working. 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.

REMUNERATION AT A GLANCE (CONTINUED)

Input from the Group Head of Compliance and the Head of Risk Management and Control 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 Group Head of Compliance and Head of Risk Management and Control 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 FY2020/21.

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 shareholders in understanding their decision making, summarises its assessment of performance as follows:

Chief Executive Officer

The CEO's short-term performance is assessed on:

- 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 management of matters relating to ESG, 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.

In the Remuneration Committee's assessment, the CEO has played a significant role in overseeing the exceptionally strong investment performance delivered during FY2020/21, which in turn has supported a return to growth in AuM.

Profitability has lagged however, due to broadly flat average AuM in FY2020/21 and a decrease in management fee margins.

The Remuneration Committee's assessment of the CEO's achievements 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.

In FY2019/20 the Remuneration Committee exercised its discretion to reduce the CEO's award to zero, to reflect business performance at the time. The Committee has determined that for FY2020/21 it is appropriate to reward the significant contributions of the CEO with an annual bonus, but recognise that although there is a short term improvement in the financial performance measures which comprise the majority of his performance assessment, it is early in the recovery process and overall adjusted profitability has still not returned to the desired levels.

The Remuneration Committee has considered these inputs and has determined that the CEO will be awarded an annual bonus of £1,500,000 for his performance during FY2020/21.

Group Finance Director

The GFD's short-term performance measures are based on:

- 30% on his management of the Finance, Corporate Development and Investor Relations departments;
- 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;
- 5% on investor relations and communication, broadening the shareholder base and communicating effectively with external parties, the Board and all other relevant stakeholders;
- 5% on his management of the Company Secretarial and Facilities departments.

In the Remuneration Committee's assessment, the GFD has performed well in FY2020/21, managing across a broad scope of activities and continuing his leading role in managing Ashmore's response to the COVID-19 pandemic.

The departments he is responsible for have continued to be run effectively, with stable, high quality teams in place and delivering timely and effective outputs. The subsidiary businesses have continued to develop in scale and in contribution to Group profitability.

Management of cash resources, FX and tax efficiency have been beneficial for the Group during the period, especially during a period of sterling strengthening relative to the US dollar. In addition, ongoing control of operating costs has supported profitability.

Despite positive personal performance from the GFD, the Committee recognises that the business has reduced in adjusted profitability over the period, and as a result variable remuneration in aggregate must reduce across the business.

The Remuneration Committee has considered these inputs and the business' profitability, and has determined that the GFD will be awarded an annual bonus of £850,000 for his performance during FY2020/21.

DIRECTORS' REMUNERATION POLICY

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 2020, 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 Chair 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 team, the designated Non-executive Director for workforce engagement or to the Board directly through our regular process of teams meeting the Board.

The CEO presents the Company's detailed financial results, including the financial and economic factors affecting the performance of the business, to all employees as part of both interim and full year results announcements. There follows a detailed Q&A session with employees covering the results, the firm's strategy, market conditions and other topics of interest.

The Remuneration Committee monitors the effectiveness of the Company's Remuneration policy in recruiting, retaining, developing, 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 is 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 health and wellbeing.

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 individuals can supplement with their own contribution.

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 Executive 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 Executive Directors 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 Director 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 Director'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, and
- 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 Executive 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 an Executive Director prior to his or her appointment as a Executive 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 Remuneration 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 Executive Directors, 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 Executive 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 by existing Executive Directors 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. Mark Coombs is Co-Chair of EMTA, the trade association for Emerging Markets, having been on the Board since 1993. Other than as noted above, the Executive Directors do not presently hold any external directorships 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 Remuneration 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)

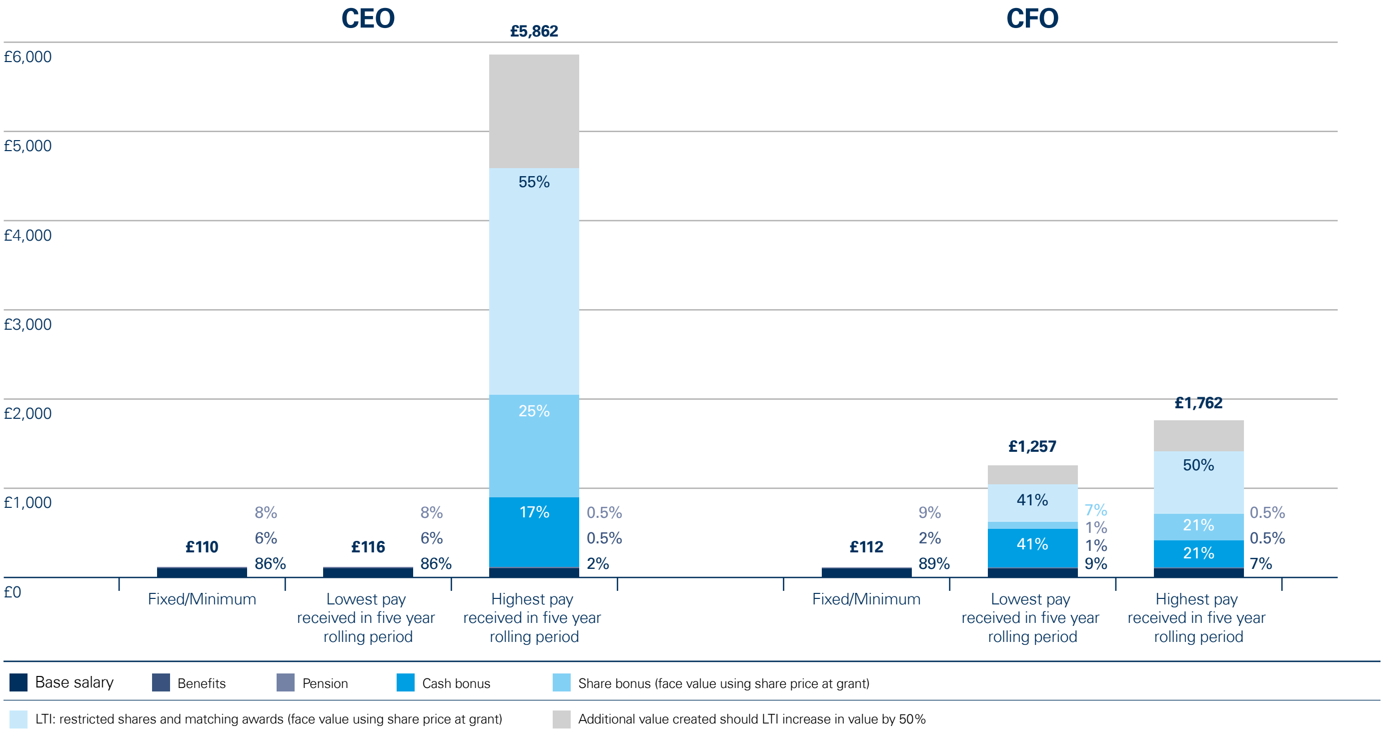


Figure 3

– 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

There is no proposed change to the fees policy for the Board Chairman and Non-executive Directors for FY 2021/22.

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 2021 – audited information

The table below sets out the remuneration received by the Directors in the year ending 30 June 2021.

		Executive Directors		Non-executive Directors				
		Mark Coombs [1, 4, 7, 8, 9, 10, 11, 12]	Tom Shippey [1, 7, 9, 10, 11, 12]	Clive Adamson [11]	Helen Beck [11, 13]	David Bennett [11]	Jennifer Bingham [11]	Dame Anne Pringle DCMG [11, 14]
Salary and fees	**2021**	**100,000**	**100,000**	**85,000**	**5,000**	**150,000**	**60,000**	**75,000**
	2020	100,000	100,000	85,000	–	150,000	60,000	75,000
Taxable benefits	**2021**	**901**	**2,253**	**–**	**–**	**–**	**–**	**–**
	2020	7,203	2,258	–	–	1,597	–	–
Pensions	**2021**	**9,000**	**10,000**	**–**	**–**	**–**	**–**	**–**
	2020	9,000	10,000	–	–	–	–	–
Cash bonus	**2021**	**394,200**	**247,350**	**–**	**–**	**–**	**–**	**–**
	2020	–	259,200	–	–	–	–	–
Voluntarily deferred share bonus[5]	**2021**	**407,700**	**255,000**	**–**	**–**	**–**	**–**	**–**
	2020	–	270,000	–	–	–	–	–
Mandatorily deferred share bonus[6]	**2021**	**439,800**	**305,150**	**–**	**–**	**–**	**–**	**–**
	2020	–	325,800	–	–	–	–	–
Total bonus	**2021**	**1,241,700**	**807,500**	**–**	**–**	**–**	**–**	**–**
	2020	–	855,000	–	–	–	–	–
Long-term incentives vesting[2, 3]	**2021**	**1,108,587**	**365,748**	**–**	**–**	**–**	**–**	**–**
	2020	–	369,311	–	–	–	–	–
Total for year ending 30 June 2021[12]	**2021**	**2,460,188**	**1,285,501**	**85,000**	**5,000**	**150,000**	**60,000**	**75,000**
Total for year ending 30 June 2020	2020	116,203	1,336,569	85,000	–	151,597	60,000	75,000
Total Fixed Remuneration	**2021**	**109,901**	**112,253**	**85,000**	**5,000**	**150,000**	**60,000**	**75,000**
	2020	116,627	112,258	85,000	–	151,597	60,000	75,000
Total Variable Remuneration	**2021**	**2,350,287**	**1,173,248**	**–**	**–**	**–**	**–**	**–**
	2020	–	1,224,311	–	–	–	–	–

1. Benefits for both Executive Directors include membership of the Company medical scheme.
2. 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.
3. The figure of £1,108,587 shown as the value of Mark Coombs' 2021 Long-term incentives vesting reflects £304,251 of share price appreciation over the period between grant and vest. The figure of £365,748 shown as the value of Tom Shippey's 2021 Long-term incentives vesting reflects £97,637 of share price appreciation 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.
4. In respect of the year ending 30 June 2021, 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 2021 prior to any voluntary deferral of cash in favour of an equivalent amount of bonus share or phantom bonus share awards would have been £1,200,000.
5. 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. Tom Shippey chose to commute 50% of his cash bonus in 2020 for an equivalent value in bonus share awards. Both Mark Coombs and Tom Shippey chose to commute 50% of their cash bonus in 2021 for an equivalent value in bonus share awards. Bonus shares are deferred for five years with no service condition attached.
6. From the year ending 30 June 2015 onward, additional performance conditions are applied to 50% of any restricted or matching share award. The amounts shown in the row labelled mandatorily deferred share bonus represent the 50% of restricted and matching share awards that do not have additional performance conditions attached, and also include the amounts detailed in note 7 below relating to compliance with the Alternative Investment Fund Managers Directive (AIFMD). These amounts represent the cash value of shares awarded at grant, which will vest after five years subject to continued employment, and in the case of shares related to AIFMD, after a retention period.
7. In order to comply with the AIFMD Mark Coombs and Tom Shippey received a proportion of their bonus, which would have otherwise been delivered in cash, as an additional award of restricted shares which will vest after a retention period. In 2021, the value of this award for Mark Coombs was £13,500 (FY2019/20: £0), and for Tom Shippey was £7,650 (FY2019/20: £10,800).
8. In respect of prior year deferred share awards which have been waived to charity, any dividend equivalents associated with the amounts waived are paid directly to the nominated charities. The figures shown exclude the amounts waived.
9. Dividends or dividend equivalents were paid relating to voluntarily and mandatorily deferred share or phantom share awards in the period.
10. Mark Coombs receives cash in lieu of a pension contribution. Tom Shippey's pension contribution includes an employee contribution via salary sacrifice; in 2021 this was £500 (2020: £500).
11. 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 £1,219,704 in FY2020/21. In addition the total cost of equity-settled awards for the Executive Directors charged to the statement of comprehensive income, as reported in note 28 of the financial statements is £2,543,797 in FY2020/21.
12. The Committee exercised its discretion to determine the CEO and GFD'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.
13. Helen Beck was appointed to the Board on 1 June 2021.
14. Dame Anne Pringle retired from the Board on 1 July 2021, no payments for loss of office were made.

For additional information, Figure 5 shows the history of financial results for the last five years.

Figure 5

Five-year summary of financial results

	2021	2020	2019	2018	2017
AuM US$ billion (at period end)	**94.4**	83.6	91.8	73.9	58.7
Operating profit £ million	**258.3**	209.7	202.8	176.5	166.8

Payments to past directors

No payments were made to past directors during FY2020/21.

Figure 6

Long-term incentive awards made during the year ended 30 June 2021 – audited information

Name[1]	Type of award	No. of shares	Date of award	Share award price[3] (£)	Face value (£)	Face value (% of salary)	Performance period end date
Tom Shippey[2]	Restricted shares	99,976	18 September 2020	£3.6009	£360,004	360%	17 September 2025
Tom Shippey[2]	Matching shares	74,982	18 September 2020	£3.6009	£270,003	270%	17 September 2025

1. In respect of the year ended 30 June 2020, no cash bonus or share award was made to Mark Coombs, reflecting overall business performance during the period and the Remuneration Committee's strict application of its discretion.
2. Executives may voluntarily defer their cash 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; full details can be found in Figure 9.
3. Based on the average Ashmore Group plc closing share price for the five business days prior to the grant date.

Long-term incentive awards made during the year ended 30 June 2021 – performance conditions

Figure 6 provides details of the long-term incentive awards that were made during FY2020/21. 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, and
- 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 the TSR peer group, which relates to share awards made until September 2017, are shown in Figures 7 and 10 respectively.

Figure 7
Performance conditions' vesting scale

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

Figure 8
TSR peer group

Company	Country of listing	Company	Country of listing
Affiliated Managers	USA	Invesco	USA
Alliance Bernstein	USA	Janus Henderson Investors (added in May 2017)	USA & Australia
BlackRock	USA	Jupiter Fund Management	UK
CI Financial	Canada	Man Group	UK
Federated Hermes	USA	Schroders	UK
Franklin Resources	USA	SEI Investments	USA
GAM Holding (2015, 2016 and 2017 awards only)	Switzerland	T Rowe Price	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 macro-economic factors in the same way as Ashmore's. The TSR peer group therefore relates only to awards granted in 2016 and 2017. Companies who have delisted during the performance period have been removed from the comparator group.

Performance and vesting outcome for the CEO's 2015 long-term incentive awards which vested during FY2020/21

During FY2020/21, shares awarded to Mark Coombs in 2015 reached their vesting date. On the vesting date, all bonus shares and half of the restricted and matching shares vested. Performance conditions were applied to the vesting of half of the restricted and matching shares awarded. Each performance condition was equally weighted at 25%. The performance outcomes, relative to the performance conditions vesting scale shown in Figure 7, are shown in Figure 9. TSR performance condition calculations were provided by Deloitte.

Figure 9

Vesting outcome for CEO 2015 long-term incentive awards subject to performance conditions

	Performance measure assessment	Vesting percentage	Restricted and matching shares awarded subject to performance conditions		Shares vesting	Shares lapsing
Investment performance	50% of AuM were outperforming over 3 & 5 years	25%	Restricted shares	61,784	15,446	46,338
			Matching shares	46,338	11,584	34,753
Increasing AuM	The compound annual growth in AuM over the five-year period, from US$58.9 billion to US$83.6 billion, was between 5% and 10%. Actual was 7.3%.	57%	Restricted shares	61,784	35,217	26,567
			Matching shares	46,338	26,413	19,925
Profitability	On a compound basis, Ashmore increased its diluted EPS by approximately 6% per annum over the five-year period, exceeding the 3% compound return from the benchmark index. Actual EPS growth was 5.9% vs benchmark growth of 3.1%.	46%	Restricted shares	61,784	28,421	33,363
			Matching shares	46,338	21,315	25,022
TSR	The Company's TSR was 91.4%, which ranked Ashmore at 2.15 relative to the TSR peer group of 15 companies; the upper quartile rank which would have resulted in 100% vesting was 4.5 or a TSR of 17.3%. Therefore 100% of the restricted and matching share awards vested.	100%	Restricted shares	61,784	61,784	–
			Matching shares	46,338	46,338	–
Totals				432,486	246,517	185,969

Performance and vesting outcome for the Group Financial Director's 2015 long-term incentive awards which vested during FY2020/21

During FY2020/21, shares awarded to Tom Shippey in 2015 reached their vesting date. On the vesting date, all bonus shares and half of the restricted and matching shares vested. Performance conditions were applied to the vesting of half of the restricted and matching shares awarded. Each performance condition was equally weighted at 25%. The performance outcomes, relative to the performance conditions vesting scale shown in Figure 7, are shown in Figure 10. TSR performance condition calculations were provided by Deloitte.

Figure 10

Vesting outcome for the Group Finance Director's 2015 long-term incentive awards subject to performance conditions

	Performance measure assessment	Vesting percentage	Restricted and matching shares awarded subject to performance conditions		Shares vesting	Shares lapsing
Investment performance	50% of AuM were outperforming over 3 & 5 years	25%	Restricted shares	20,595	5,149	15,446
			Matching shares	15,446	3,862	11,585
Increasing AuM	The compound annual growth in AuM over the five-year period, from US$58.9 billion to US$83.6 billion, was between 5% and 10%. Actual was 7.3%.	57%	Restricted shares	20,595	11,739	8,856
			Matching shares	15,446	8,804	6,642
Profitability	On a compound basis, Ashmore increased its diluted EPS by approximately 6% per annum over the five-year period, exceeding the 3% compound return from the benchmark index. Actual EPS growth was 5.9% vs benchmark growth of 3.1%.	46%	Restricted shares	20,595	9,473	11,121
			Matching shares	15,446	7,105	8,341
TSR	The Company's TSR was 91.4%, which ranked Ashmore at 2.15 relative to the TSR peer group of 15 companies; the upper quartile rank which would have resulted in 100% vesting was 4.5 or a TSR of 17.3%. Therefore 100% of the restricted and matching share awards vested.	100%	Restricted shares	20,595	20,595	–
			Matching shares	15,446	15,446	–
Totals				144,162	82,172	61,990

Figure 11

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 2020	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2021	Performance period	Vesting/release date
Mark Coombs	RS	22 September 2015	£2.4278	494,271	–	388,003	106,268	–	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	–	291,002	79,701	–	5 years	21 September 2020
	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[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[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[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				**3,930,166**	**0**	**1,049,708**	**185,969**	**2,694,489**		

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 2020', 'Granted during year' and 'Number of shares at 30 June 2021' 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 11 continued

Outstanding share awards

Executive	Type of Omnibus award	Date of award	Share award price	Number of shares at 30 June 2020	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2021	Performance period	Vesting/release date
Tom Shippey	RS	22 September 2015	£2.4278	164,757	–	129,334	35,423	–	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	–	97,001	26,567	–	5 years	21 September 2020
	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	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	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	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
	RS[2]	18 September 2020	£4.3833	–	3,000	3,000	–	–	6 months	18 March 2021
	RS	18 September 2020	£4.3833	–	99,976	–	–	99,976	5 years	17 September 2025
	RBS	18 September 2020	£4.3833	–	74,982	–	–	74,982	5 years	17 September 2025
	RMS	18 September 2020	£4.3833	–	74,982	–	–	74,982	5 years	17 September 2025
Total				**1,304,845**	**252,940**	**352,903**	**61,990**	**1,142,892**		

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 2020 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 2021, the Company had 5.88% 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 Directors' Remuneration policy, approved by binding shareholder vote at the 16 October 2020 AGM, includes 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 approved by shareholders in 2017 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 by 20 October 2020 both Mark Coombs and Tom Shippey were required to hold at least 47,939 unrestricted shares to meet the shareholding requirement.

Both Mark Coombs and Tom Shippey have met the shareholding requirement.

Under the Directors' Remuneration policy 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.

Figure 12

Share interests of Directors and connected persons at 30 June 2021 – 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	220,997,181	1,886,142	808,347	223,691,670
Tom Shippey	49,529	822,568	320,324	1,192,421
Non-executive Directors				
Clive Adamson	2,131	–	–	2,131
Helen Beck	0	–	–	0
David Bennett	11,619	–	–	11,619
Jennifer Bingham	0	–	–	0
Dame Anne Pringle DCMG	4,461	–	–	4,461

1. Half of the restricted shares and matching shares awarded in 2016, 2017, 2018, 2019 and 2020 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 2 September 2021. The Directors are permitted to hold their shares as collateral for loans with the express permission of the Board.

Figure 13

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

	2020 to 2021 % change	2019 to 2020 % change	2018 to 2019 % change	2017 to 2018 % change	2016 to 2017 % change
Mark Coombs base salary	0%	0%	0%	0%	0%
Tom Shippey base salary	0%	0%	0%	0%	0%
Clive Adamson fees[2]	0%	4%	22%	13%	29%
Helen Beck fees[3]	0%				
David Bennett fees[4]	0%	15%	63%	7%	7%
Jennifer Bingham fees	0%	0%			
Simon Fraser fees[5]				(50%)	10%
Peter Gibbs fees[6]			(69%)	0%	38%
Nick Land fees[7]					(75%)
Dame Anne Pringle DCMG fees[8]	0%	6%	18%	0%	0%
Relevant comparator employee's base salary	1%	1%	3%	0%	0%
Mark Coombs taxable benefits	(87%)	(6%)	(8%)	(1%)	0%
Tom Shippey taxable benefits	0%	(6%)	(4%)	8%	10%
David Bennett taxable benefits[9]	(100%)	(39%)	103%	46%	(46%)
Relevant comparator employee's taxable benefits	0%	0%	(5%)	(9%)	10%
Mark Coombs annual bonus[10]	N/A	(100%)	50%	(50%)	167%
Tom Shippey annual bonus	(6%)	(10%)	14%	(8%)	27%
Relevant comparator employees' annual bonus	4%	(12%)	10%	5%	22%

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. Helen Beck joined the Board on 01/06/21.
4. 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 Independent Director from 31/12/17 until 19/10/18 and was appointed as Chairman on 19/10/18.
5. 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.
6. 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.
7. Nick Land left the Board on 21/10/16; he ceased to act as Senior Independent Director effective from 22/10/15.
8. Dame Anne Pringle began to chair the Remuneration Committee on 19/10/18 and left the Board on 30/06/21.
9. David Bennett's taxable benefits relate to transportation costs and the associated income tax and national insurance costs in relation to his role.
10. Mark Coombs did not receive a bonus in 2020.

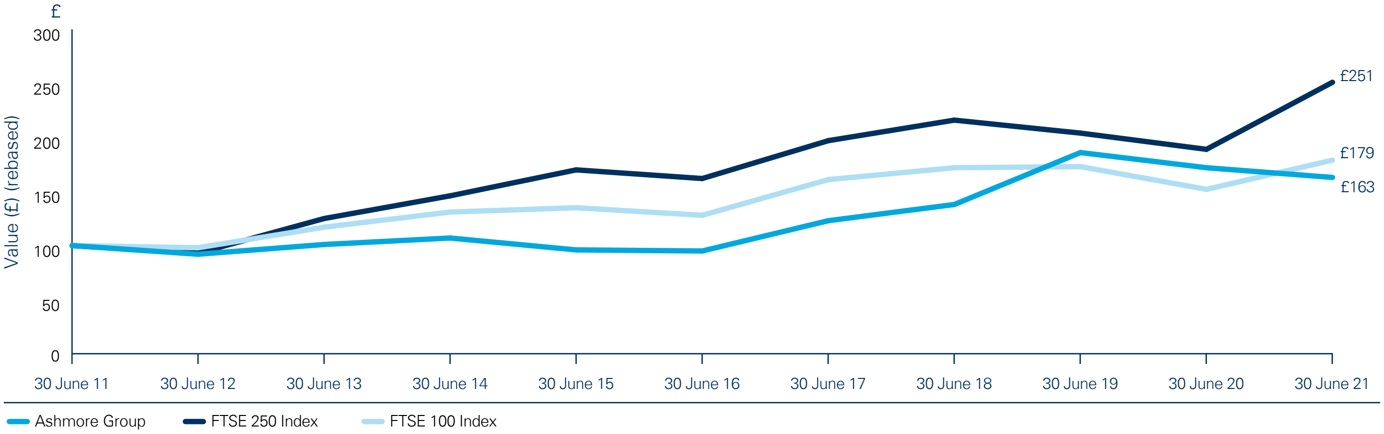
Figure 13 compares the percentage change from 2016 to 2021 in remuneration elements for the Chief Executive, the Group Finance Director and the Non-executive Directors with the average year-on-year change across relevant comparator employees as a whole. Relevant comparator employees' are all full-time employees and part-time employees on a full-time equivalent basis 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 14 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 2011. These indices 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 £163 ten years later, compared with £179 for the same investment in the FTSE 100 index, and £251 for the same investment in the FTSE 250 index.

Figure 14

Total shareholder return – value of hypothetical £100 holding



This graph shows the value, by 30 June 2021, of £100 invested in Ashmore Group on 30 June 2011, compared with the value of £100 invested in the FTSE 100 and FTSE 250 Indices on the same date.
Source: FactSet

Figure 15 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 15

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
2021	£100,000	£901	£9,000	£1,241,700	£1,108,587	57.00%	£2,460,188
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

1. Performance-related restricted and matching or phantom share equivalent awards vested during the years ending 30 June 2019 and 30 June 2021 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 16

Relative importance of spend on pay

Metric	**2021**	2020	2020 to 2021 % change
Remuneration paid to or receivable by all employees of the Group (i.e. accounting cost)	**£80.3m**	£82.6m	(3%)
Average headcount	**301**	301	0%
Distributions to shareholders (dividends and/or share buybacks)	**£118.3m**	£120.0m	(1%)

Statement on implementation of the Remuneration policy in the year commencing 1 July 2021

The Remuneration Committee intends to continue to apply broadly the same metrics and weightings to annual variable remuneration in the year ending 30 June 2022 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 with the same weightings as used in FY2020/21, these being in relation to investment outperformance, growth in assets under management and profitability. The Committee does not intend to increase basic salaries for the Executive Directors, or the fees for the Board Chairman and Non-executive Directors for FY 2021/22.

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%
Helen Beck[1]	100%

1. Helen Beck attended one meeting during the period as an observer, after her appointment to the Board on 1 June 2021.

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 Deloitte throughout the period from 8 July 2020 to 30 June 2021. Deloitte abides by the Remuneration Consultants' Code of Conduct, which requires it to provide objective and impartial advice. Deloitte's fees for the year ending 30 June 2021 were £43,650 and were charged on a time and materials basis. Deloitte also provides other tax, employee mobility and share plan administration related services to the Company.

Figure 17

Statement of shareholder voting

At the 2020 AGM, the Directors' Remuneration report received the following votes from shareholders:

Remuneration report	2020 AGM resolution to approve the Directors' Remuneration report for the year ended 30 June 2020	% of votes cast
Votes cast in favour	538,465,590	90.09%
Votes cast against	59,225,066	9.91%
Total votes cast	597,690,656	100.00%
Abstentions	4,605	N/A

At the 2020 AGM, the Directors' Remuneration policy received the following votes from shareholders:

Remuneration policy	2020 AGM resolution to approve the Directors' Remuneration policy for the year ended 30 June 2021, 2022 and 2023	% of votes cast
Votes cast in favour	386,652,049	69.16%
Votes cast against	172,385,927	30.84%
Total votes cast	559,037,976	100.00%
Abstentions	38,657,285	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.

Helen Beck
Chair of the Remuneration Committee

2 September 2021

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

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent Company financial statements on the same basis. In addition the Group financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002, as it applies in the European Union.

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 the Group's profit or 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 international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002, as it applies in the European Union;
– 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 complies 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 and Directors' report includes a fair review of the development and performance of the business and the position of the Company 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

2 September 2021

The Directors present their Annual Report and financial statements for the year ended 30 June 2021.

The financial statements have been prepared in accordance with International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002, as it applies in the European Union.

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 2021 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 12 to 15, the Business review on pages 28 to 35 and the Corporate governance report on pages 69 to 76.

The Group's approach to financial risk management and the principal operating risks facing the business, including price risk, credit risk, liquidity risk and cash flow risk and a description of the Group risk management policy are detailed on pages 36 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 131.

The Directors recommend a final dividend of 12.10 pence per share (FY2019/20: 12.10 pence) which, together with the interim dividend of 4.80 pence per share (FY2019/20: 4.80 pence) already declared, makes a total for the year ended 30 June 2021 of 16.90 pence per share (FY2019/20: 16.90 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 10 December 2021 to shareholders on the register on 5 November 2021 (the ex-dividend date being 4 November 2021).

Related party transactions

Details of related party transactions are set out in note 28 to the financial statements.

Post-balance sheet events

Details of post balance sheet events are provided in note 32 to the financial statements.

Directors

The members of the Board together with their biographical details are shown on pages 67 to 68. Helen Beck was appointed as a Director on 1 June 2021. All other members of the Board served as Directors throughout the year.

Details of the service contracts of the current Directors are described on page 123.

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. That Director 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 year ended on 30 June 2021.

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, 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 2021 Ashmore employed 38 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 54. It is the Group's policy to give appropriate consideration to applications from persons with disabilities, 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 67, 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 112 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 17 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 112) 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 2021	Percentage interests[3]	Number of voting rights disclosed as at 2 September 2021	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	54,815,884	7.69	54,815,884	7.69
Schroders plc	34,470,970	4.85	34,470,970	4.85
Allianz Global Investors GmbH	32,695,220	4.58	32,695,220	4.58

1. The shareholding of Mark Coombs, a Director and substantial shareholder, is disclosed separately on page 110.
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 2021 is disclosed in note 23 to the financial statements.
3. Percentage interests are based upon 712,740,804 shares in issue (2020: 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.

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 2021 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 and the EBT purchased 6,386,334 shares worth £23.3 m. 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 2021 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 Act. 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 2021 Annual General Meeting.

Employees

Details of the Company's employment practices (including the employment of persons with disabilities) can be found in the Sustainability section on pages 51 to 66.

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 69 to 71 and a description of how the Company has complied with each of the Principles of the Code on pages 72 to 73. 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 1 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 1 April 2019, the Company adheres to the mandatory Streamlined Energy and Carbon Reporting regulation introduced by the UK government.

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 FY2020/21. These office emissions, as well as emissions originating from their operations, are those which are considered material to the Group. The Group has a policy of carbon offsetting and further details are provided on page 48.

Emission scopes[1]

Mandatory GHG reporting requires emissions associated with Scope 1 (direct emissions) and Scope 2 (indirect emissions from purchased electricity, heating and cooling) to be reported. Revisions to the GHG Protocol[2], to which this reporting exercise adheres, require organisations to calculate their Scope 2 emissions both in terms of 'market-based' emissions and 'location-based' emissions. This information is set out below.

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

Exclusions & estimation

Whilst every effort has been made to collect full and consistent data from all 10 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 month's 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 FY2020/21 consumption based on headcount numbers.
- A number of offices were only able to provide data for the whole building in which they reside and no sub-metered data was available for each tenant. In these instances, the share of the total floor area occupied by the office 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.

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.

Methodology

All data has been collected and analysed in line with the GHG Protocol Corporate Accounting and Reporting Standard[1] produced by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI). UK Government 2021 emission factors[2] have been applied for all calculations, except the international offices' electricity consumption, for which the International Energy Agency's 2020 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 61.7% compared to the last year. This is primarily due to the impact of the COVID-19 pandemic which resulted in a reduction in office-based working and air travel. Air travel emissions decreased by 94.8% and purchased electricity is now the largest contributor to the Group's emissions breakdown with 154.65 tCO_2e (68%). The second largest contributor to the GHG footprint, natural gas, has increased slightly this year and now accounts for 43.02 tCO_2e or 19%. Waste, water and refrigerants (based on the available data) account for the lowest levels of emissions.

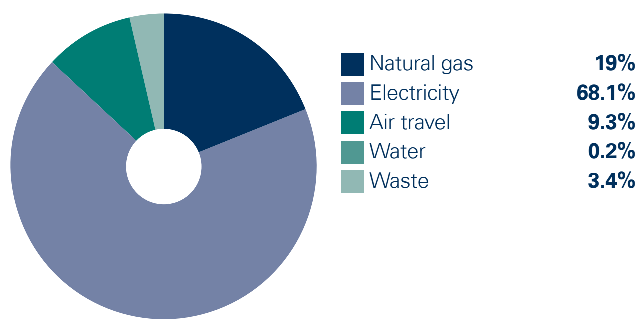
Emissions by source[4]

		2019/20		**2020/21**	
Scope	Emissions by Source	UK & Offshore	Global	**UK & Offshore**	**Global**
Scope 1	Natural gas (kWh)	190,782	313	**225,590**	**9,286**
	Refrigerants (kg)	–	–	**–**	**–**
Scope 2	Electricity (kWh)	220,574	289,534	**153,714**	**222,850**
Scope 3	Air travel (km)	792,391	1,707,141	**11,184**	**116,086**
	Water (m3)	949	2,639	**596**	**602**
	Waste (kg)	17,601	8,953	**7,946**	**18,985**

Emissions by scope[5]

	Tonnes CO_2e (2019/20)		**Tonnes CO_2e (2020/21)**	
	UK & Offshore	Global	**UK & Offshore**	**Global**
Scope 1	35.08	0.06	**41.32**	**1.70**
Scope 2 (market-based)	84.03	149.32	**48.57**	**106.08**
Scope 2 (location-based)	51.42	148.68	**32.64**	**105.79**
Scope 3	167.37	253.88	**6.38**	**22.93**
TOTAL (using market-based Scope 2 emissions)	286.48	403.25	**96.27**	**130.71**

Emissions by source[6]



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. The Group's emissions per full-time equivalent (FTE) are shown in the table below. Due to the overall decrease in emissions, tonnes of CO_2e emitted per FTE has also decreased since last year.

Emissions per full-time employee[7]

	Tonnes CO_2e/FTE (2019/20)		**Tonnes CO_2e/FTE (2020/21)**	
	UK & Offshore	Global	**UK & Offshore**	**Global**
Scope 1 + 2	0.88	0.97	**0.66**	**0.70**
Scope 1, 2 + 3	2.11	2.61	**0.71**	**0.85**

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/publications/greenhouse-gas-reporting-conversion-factors-2021.
3 All international electricity emissions factors were taken from the International Energy Agency's statistics report "CO_2 Emissions from Fuel Combustion" (2020 Edition). Purchased under license.
4 Using market-based emissions.
5 Using market-based emissions.
6 Using market-based emissions.
7 FTE 2019/20 = 291.5 employees; FTE 2020/21 = 290 employees.

Energy efficiency action taken

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;
- Ensuring the boiler management settings and controls are set appropriately with regards to the outside temperature;
- Practising good "switch off" practices at all times;
- Significantly reducing air travel and developing virtual meetings due to the global pandemic; and
- One George Street (Singapore) is awarded Green Mark Gold+ building.

CO_2 emissions at 61 Aldwych (London – Ashmore's largest office) have decreased significantly for the period 1 July 2020 to 30 June 2021 when compared to 1 July 2019 to 30 June 2020. 61 Aldwych has exceeded the 5% annual emissions reduction target.

Charitable and political contributions

During the year, the Group made charitable donations of £1.0 million (FY2019/2020: £0.4 million). The work of The Ashmore Foundation is described in the Sustainability section of this report on pages 51 to 66. 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 are 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 2021, the amount owed to the Group's trade creditors in the UK represented approximately 13 days' average purchases from suppliers (FY2019/20: 17 days).

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.

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.

2021 Annual General Meeting

Details of the Annual General Meeting (AGM) will be given in the separate circular and Notice of Meeting.

Going concern

The Company and Group have considerable financial resources and the Directors believe that both are well placed to manage their business risks successfully.

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position, are set out on pages 28 to 35.

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 117 to 123 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	Contract 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 2023
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 2024
Helen Beck	1 June 2021	1 June 2021	1 month	1 June 2024

Approved by the Board and signed on its behalf by:

Alexandra Autrey
Group Company Secretary

2 September 2021

Our opinion is unmodified

We have audited the financial statements of Ashmore Group plc (the Company) for the year ended 30 June 2021 which comprise the Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement, Company balance sheet, Company statement of changes in equity, 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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, 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 to the extent applicable.

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 22 years ended 30 June 2021 (14 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	£13.6m (2020: £11.0m) 5% (2020: 5%) of Group profit before tax
Coverage	97% (2020: 98%) of Group profit before tax

Key audit matters		vs 2020
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 £78.2 million; (2020: £77.4 million) Refer to page 78 (Audit and Risk Committee report), page 143 (accounting policy) and page 162 (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 that are 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 sensitivities 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** – For investments priced based on net assets valuation technique we 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 assistance from our valuation specialists: – We challenged key judgments affecting the unquoted securities valuations such as marketability adjustment, 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 performed the tests above over the valuation rather than seeking to rely on the Group's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. **Our findings** – We found the valuation of level 3 investments to be balanced (2020: balanced) with proportionate (2020: proportionate) disclosure of the related assumptions and sensitivities.
Recoverability of parent Company's loan to subsidiaries £507.7 million; (2020: £464.8 million) Refer to page 142 (accounting policy) and page 159 (financial disclosures).	**Low risk, high value** The carrying amount of the parent Company's loans due from subsidiaries represents 76% (2020: 70%) of the Company's total assets and is comprised of a loan to one subsidiary. 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 effect 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 those net assets, including assessing the ability of the subsidiary to obtain liquid funds and, therefore, the ability of the subsidiary to fund the repayment of the receivable. – We performed the tests above rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence through the detailed procedures described. **Our findings** – We found the parent Company's estimated recoverable amount of the loan to be balanced (2020: balanced).

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 £13.6 million (2020: £11.0 million), determined with reference to a benchmark of Group profit before tax, of which it represents 5% (2020: 5%).

Materiality for the parent Company financial statements as a whole was set at £6.6 million (2020: £7.7 million), determined with reference to a benchmark of Company total assets, of which it represents 1% (2020: 1%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2020: 75%) of materiality for the financial statements as a whole, which equates to £10.2 million (2020: £8.2 million) for the Group and £4.9 million (2020: £5.7 million) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Group Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.68 million (2020: £0.55 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 28 (2020: 28) reporting components, we subjected four (2020: four) to full scope audits for Group reporting purposes and one (2020: one) 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.

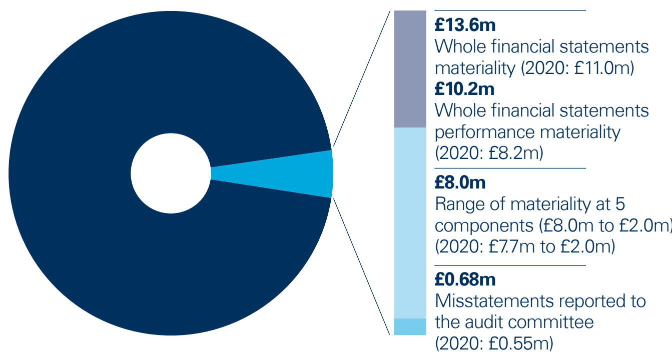
The Group team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group team approved the component materialities, which ranged from £2.0 million to £8.0 million (2020: £2.0 million to £7.7 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 (2020: one of the five 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

£282.5m (2020 £221.5m)

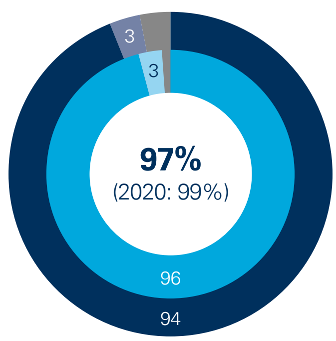
Group materiality

£13.6m (2020: £11.0m)

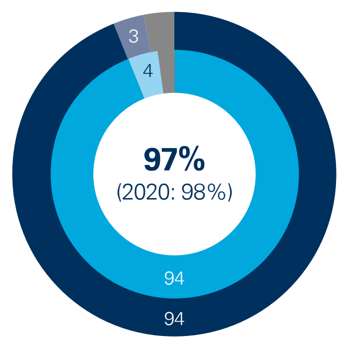


Group profit before tax
Group materiality

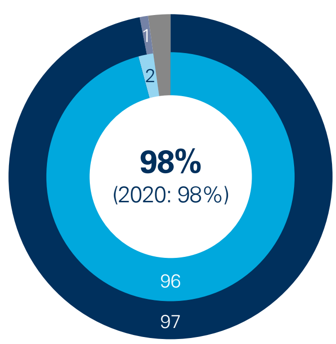
Group net revenue



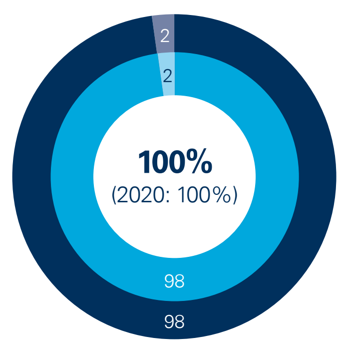
Group profit before tax



Group total assets



Group net assets



Full scope for group audit purposes 2021
Specified risk-focused audit procedures 2021
Full scope for group audit purposes 2020
Specified risk-focused audit procedures 2020
Residual components

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 such 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).

We used our knowledge of the Group, its industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Group's available financial resources over this period was Assets under Management outflows.

We considered whether these risks could plausibly affect the liquidity in the going concern period by assessing the degree of downside assumption that, individually and collectively, could result in a liquidity issue, taking into account the Group's current and projected cash. We also assessed the completeness of the going concern disclosure.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;
- we have nothing 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 the going concern period and we found the going concern disclosure in note 2 to be acceptable; and
- the related statement under the Listing Rules set out on page 38 is materially consistent with the financial statements and our audit knowledge.

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 above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud (fraud risks) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of Directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Audit and Risk Committee meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.
- Considering remuneration incentive schemes and performance targets for management such as the Group's share-based incentive scheme.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group component audit teams of relevant fraud risks identified at the Group level and request to component audit teams to report to the Group audit team any instances of fraud that could give rise to a material misstatement at Group.

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the calculation of the revenue is non-judgmental and straightforward, with limited opportunity for manipulation.

We did not identify any additional fraud risks.

We also performed procedures including identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included all post-closing journals.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

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, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and financial services 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 Company 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 or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation and financial services legislation recognising the financial and regulated nature of the Company'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. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 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 fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 principal and emerging risks and longer-term viability

We are required to perform procedures to identify whether there is a material inconsistency between the Directors' disclosures in respect of principal and emerging risks and the longer-term viability statement, and the financial statements and our audit knowledge.

Based on those procedures, we have nothing material to add or draw attention to in relation to:

- the Directors' confirmation within the longer-term viability statement on page 38 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 and emerging risks disclosures describing these risks and how emerging risks are identified, 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.

We are also required to review the longer-term viability statement, set out on page 38 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

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 perform procedures to identify whether there is a material inconsistency between the Directors' corporate governance disclosures and the financial statements and our audit knowledge.

Based on those procedures, we have concluded that each of the following is materially consistent with the financial statements and our audit knowledge:

- 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;
- the section of the Annual Report describing the work of the Audit and Risk Committee, including the significant issues that the Audit and Risk Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.

We are required to review the part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified by the Listing Rules for our review. We have nothing to report in this respect.

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 116, 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 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.

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

2 September 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2021

	Notes	2021 £m	2020 £m
Management fees		**276.4**	330.0
Performance fees		**11.9**	3.9
Other revenue		**4.6**	4.1
Total revenue		**292.9**	338.0
Distribution costs		**(5.5)**	(14.5)
Foreign exchange	7	**4.3**	7.0
Net revenue		**291.7**	330.5
Gains/(losses) on investment securities	20	**123.5**	(19.1)
Change in third-party interests in consolidated funds	20	**(52.6)**	7.5
Personnel expenses	9	**(80.3)**	(82.6)
Other expenses	11	**(24.0)**	(26.6)
Operating profit		**258.3**	209.7
Finance income	8	**23.9**	12.0
Share of gains/(losses) from associates	26	**0.3**	(0.2)
Profit before tax		**282.5**	221.5
Tax expense	12	**(40.7)**	(36.8)
Profit for the year		**241.8**	184.7
Other comprehensive income/(loss), net of related tax effect			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising on foreign operations		**(74.9)**	12.8
Cash flow hedge intrinsic value gains/(losses)		**1.2**	(0.1)
Other comprehensive income/(loss), net of tax		**(73.7)**	12.7
Total comprehensive income for the year		**168.1**	197.4
Profit attributable to:			
Equity holders of the parent		**240.1**	182.1
Non-controlling interests		**1.7**	2.6
Profit for the year		**241.8**	184.7
Total comprehensive income attributable to:			
Equity holders of the parent		**167.5**	194.7
Non-controlling interests		**0.6**	2.7
Total comprehensive income for the year		**168.1**	197.4
Earnings per share			
Basic	13	**36.40p**	27.35p
Diluted	13	**34.23p**	25.68p

The notes on pages 138 to 178 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 30 June 2021

	Notes	2021 £m	2020 £m
Assets			
Non-current assets			
Goodwill and intangible assets	15	**80.5**	89.7
Property, plant and equipment	16	**11.2**	11.7
Investment in associates	26	**0.9**	0.6
Non-current financial assets measured at fair value	20	**34.0**	28.0
Deferred acquisition costs		**0.5**	0.7
Deferred tax assets	18	**34.8**	30.6
		161.9	161.3
Current assets			
Investment securities	20	**318.1**	234.5
Financial assets measured at fair value	20	**41.0**	11.6
Trade and other receivables	17	**83.4**	96.2
Derivative financial instruments	21	**1.3**	–
Cash and cash equivalents		**456.1**	500.9
		899.9	843.2
Financial assets held for sale	20	**46.2**	43.1
Total assets		**1,108.0**	1,047.6
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		**941.0**	813.2
Foreign exchange reserve		**(46.2)**	27.6
Cash flow hedging reserve		**1.1**	(0.1)
		911.6	856.4
Non-controlling interests	30	**21.1**	22.6
Total equity		**932.7**	879.0
Liabilities			
Non-current liabilities			
Lease liabilities	16	**7.3**	8.2
Deferred tax liabilities	18	**10.5**	6.9
		17.8	15.1
Current liabilities			
Current tax		**–**	8.5
Lease liabilities	16	**2.5**	2.0
Derivative financial instruments	21	**–**	1.7
Third-party interests in consolidated funds	20	**105.7**	86.1
Trade and other payables	24	**45.5**	50.7
		153.7	149.0
Financial liabilities held for sale	20	**3.8**	4.5
Total liabilities		**175.3**	168.6
Total equity and liabilities		**1,108.0**	1,047.6

The notes on pages 138 to 178 form an integral part of these financial statements.

Approved by the Board on 2 September 2021 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 2021

	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 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
Acquisition of subsidiary with non-controlling interest	–	–	(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
Profit for the year	**–**	**–**	**240.1**	**–**	**–**	**240.1**	**1.7**	**241.8**
Other comprehensive income/(loss):								
Foreign currency translation differences arising on foreign operations	**–**	**–**	**–**	**(73.8)**	**–**	**(73.8)**	**(1.1)**	**(74.9)**
Cash flow hedge intrinsic value gains	**–**	**–**	**–**	**–**	**1.2**	**1.2**	**–**	**1.2**
Total comprehensive income/(loss)	**–**	**–**	**240.1**	**(73.8)**	**1.2**	**167.5**	**0.6**	**168.1**
Transactions with owners:								
Purchase of own shares	**–**	**–**	**(23.3)**	**–**	**–**	**(23.3)**	**–**	**(23.3)**
Share-based payments	**–**	**–**	**29.3**	**–**	**–**	**29.3**	**–**	**29.3**
Increase in non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**0.8**	**0.8**
Dividends to equity holders	**–**	**–**	**(118.3)**	**–**	**–**	**(118.3)**	**–**	**(118.3)**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(2.9)**	**(2.9)**
Total contributions and distributions	**–**	**–**	**(112.3)**	**–**	**–**	**(112.3)**	**(2.1)**	**(114.4)**
Balance at 30 June 2021	**0.1**	**15.6**	**941.0**	**(46.2)**	**1.1**	**911.6**	**21.1**	**932.7**

The notes on pages 138 to 178 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2021

	2021 £m	2020 £m
Operating activities		
Profit for the year	**241.8**	184.7
Adjustments for non-cash items:		
Depreciation and amortisation	**2.8**	3.4
Accrual for variable compensation	**33.4**	33.9
Unrealised foreign exchange gains	**(4.3)**	(7.0)
Finance income	**(23.9)**	(12.0)
Net (gains)/losses on investment securities	**(70.9)**	11.6
Tax expense	**40.7**	36.8
Other non-cash items	**(0.3)**	(0.8)
Cash generated from operations before working capital changes	**219.3**	250.6
Changes in working capital:		
Decrease in trade and other receivables	**2.4**	9.1
Decrease/(increase) in derivative financial instruments	**(3.0)**	0.6
Decrease in trade and other payables	**(5.2)**	(5.4)
Cash generated from operations	**213.5**	254.9
Taxes paid	**(64.3)**	(52.1)
Net cash generated from operating activities	**149.2**	202.8
Investing activities		
Interest and investment income received	**3.2**	14.7
Proceeds on disposal of associates	**–**	0.6
Purchase of non-current financial assets measured at fair value	**(8.1)**	(3.6)
Purchase of financial assets held for sale	**(42.2)**	(43.6)
Purchase of financial assets measured at fair value	**(14.4)**	–
Purchase of investment securities	**(33.3)**	(9.1)
Sale of non-current financial assets measured at fair value	**2.6**	2.5
Sale of financial assets held for sale	**7.2**	8.4
Sale of financial assets measured at fair value	**58.4**	25.1
Net cash on initial consolidation of seed capital investments	**(5.2)**	(0.4)
Purchase of property, plant and equipment	**(0.7)**	(1.0)
Net cash used in investing activities	**(32.5)**	(6.4)
Financing activities		
Dividends paid to equity holders	**(118.3)**	(120.0)
Dividends paid to non-controlling interests	**(2.9)**	(2.7)
Third-party subscriptions into consolidated funds	**54.9**	50.0
Third-party redemptions from consolidated funds	**(0.6)**	(29.6)
Distributions paid by consolidated funds	**(28.8)**	(1.9)
Contribution by non-controlling interests	**0.5**	11.3
Payment of lease liabilities	**(2.1)**	(2.3)
Interest paid	**(0.4)**	(0.5)
Purchase of own shares	**(23.3)**	(89.5)
Net cash used in financing activities	**(121.0)**	(185.2)
Net (decrease)/increase in cash and cash equivalents	**(4.3)**	11.2
Cash and cash equivalents at beginning of year	**500.9**	477.2
Effect of exchange rate changes on cash and cash equivalents	**(40.5)**	12.5
Cash and cash equivalents at end of year	**456.1**	500.9
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**51.4**	68.5
Daily dealing liquidity funds	**333.5**	368.0
Deposits	**71.2**	64.4
	456.1	500.9

The notes on pages 138 to 178 form an integral part of these financial statements.

COMPANY BALANCE SHEET

As at 30 June 2021

	Notes	2021 £m	2020 £m
Assets			
Non-current assets			
Goodwill	15	**4.1**	4.1
Property, plant and equipment	16	**6.8**	6.8
Investment in subsidiaries	25	**19.9**	19.9
Deferred acquisition costs		**0.5**	0.7
Deferred tax assets	18	**25.1**	20.6
		56.4	52.1
Current assets			
Trade and other receivables	17	**521.8**	518.2
Derivative financial instruments	21	**1.3**	–
Cash and cash equivalents		**86.1**	91.8
		609.2	610.0
Total assets		**665.6**	662.1
Equity and liabilities			
Capital and reserves			
Issued capital	22	**0.1**	0.1
Share premium		**15.6**	15.6
Retained earnings		**540.6**	583.5
Cash flow hedging reserve		**1.1**	(0.1)
Total equity attributable to equity holders of the Company		**557.4**	599.1
Liabilities			
Non-current liabilities			
Lease liability	16	**4.4**	4.8
Current liabilities			
Lease liability	16	**1.3**	1.1
Derivative financial instruments	21	**–**	1.7
Trade and other payables	24	**102.5**	55.4
		108.2	63.0
Total equity and liabilities		**665.6**	662.1

The Company has taken the exemption under section 408 of the Companies Act 2006 not to present its profit and loss account and related notes. The Company's profit for the year ended 30 June 2021 was £69.4 million (30 June 2020: £120.7 million).

The notes on pages 138 to 178 form an integral part of these financial statements.

Approved by the Board on 2 September 2021 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 2021

	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 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
Profit for the year	**–**	**–**	**69.4**	**–**	**69.4**
Cash flow hedge intrinsic value gains	**–**	**–**	**–**	**1.2**	**1.2**
Purchase of own shares	**–**	**–**	**(23.3)**	**–**	**(23.3)**
Share-based payments	**–**	**–**	**29.3**	**–**	**29.3**
Dividends to equity holders	**–**	**–**	**(118.3)**	**–**	**(118.3)**
Balance at 30 June 2021	**0.1**	**15.6**	**540.6**	**1.1**	**557.4**

The notes on pages 138 to 178 form an integral part of these financial statements.

COMPANY CASH FLOW STATEMENT

For the year ended 30 June 2021

	2021 £m	2020 £m
Operating activities		
Profit for the year	**69.4**	120.7
Adjustments for:		
Depreciation and amortisation	**1.4**	1.5
Accrual for variable compensation	**25.2**	21.7
Unrealised foreign exchange losses/(gains)	**35.6**	(13.9)
Finance income	**–**	(0.8)
Tax expense	**(16.5)**	(3.0)
Dividends received from subsidiaries	**(110.1)**	(122.0)
Cash generated from operations before working capital changes	**5.0**	4.2
Changes in working capital:		
Decrease in trade and other receivables	**6.9**	22.4
Decrease/(increase) in derivative financial instruments	**(3.0)**	1.0
Increase in trade and other payables	**97.4**	17.2
Cash generated from operations	**106.3**	44.8
Taxes paid	**(38.2)**	(38.4)
Net cash generated from operating activities	**68.1**	6.4
Investing activities		
Interest received	**0.3**	1.4
Loans advanced to subsidiaries	**(110.2)**	(111.8)
Loans repaid by subsidiaries	**67.3**	135.1
Dividends received from subsidiaries	**110.1**	122.0
Purchase of property, plant and equipment	**(0.6)**	(0.9)
Net cash generated from investing activities	**66.9**	145.8
Financing activities		
Dividends paid	**(118.3)**	(120.0)
Payment of lease liability	**(1.1)**	(1.0)
Interest paid	**(0.2)**	(0.3)
Purchase of own shares	**(23.3)**	(89.5)
Net cash used in financing activities	**(142.9)**	(210.8)
Net decrease in cash and cash equivalents	**(7.9)**	(58.6)
Cash and cash equivalents at beginning of year	**91.8**	150.3
Effect of exchange rate changes on cash and cash equivalents	**2.2**	0.1
Cash and cash equivalents at end of year	**86.1**	91.8
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**17.0**	16.9
Daily dealing liquidity funds	**14.6**	31.9
Deposits	**54.5**	43.0
	86.1	91.8

The notes on pages 138 to 178 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 2021 were authorised for issue by the Board of Directors on 2 September 2021. The principal activity of the Group is described in the Directors' report on page 117.

2) Basis of preparation

The Group and Company financial statements for the year ended 30 June 2021 have been prepared in accordance with International Financial Reporting Standards (IFRSs) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and in accordance with international accounting standards in conformity with the requirements 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 in the context of the current economic outlook. The Board reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Board applied 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 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 not yet adopted

There were no 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. 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 2021.

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.

If the Group concludes that it acts as a principal, it is deemed to have control and, therefore, will consolidate a fund as if it were a subsidiary. If the Group concludes that it does not have control over the fund, the Group recognises and measures its interest in the fund as a financial asset.

Interests in unconsolidated structured entities

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

– Segregated mandates and pooled funds managed where the Group does not hold any direct interest. In this case, the Group considers that its aggregate economic exposure is insignificant and, in relation to segregated mandates, the third-party investor has the practical ability to remove the Group from acting as fund manager, without cause. As a result, the Group concludes that it acts as an agent for third-party investors.
– Pooled funds managed by the Group where the Group holds a direct interest, for example seed capital investments, and the Group's aggregate economic exposure in the fund relative to third-party investors is less than 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.

4) Significant accounting policies continued

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.

The Group's property, plant and equipment include right-of use assets recognised on operating lease arrangements in accordance with IFRS 16 Leases.

Leases

The Group's lease arrangements primarily consist of operating leases relating to office space. Obligations and rights under operating lease agreements are recognised and classified within property, plant and equipment on the Group's consolidated statement of financial position in accordance with IFRS 16.

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 right-of-use 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 right-of-use 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. 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 right-of-use 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.

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.

4) Significant accounting policies continued

Financial assets

The Group classifies its financial assets into the following categories: investment securities at FVTPL, 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 financial assets held for sale in accordance with IFRS 5. The Group recognises 100% of the investment in the fund as a 'financial asset held for sale' and the interest held by other parties as a 'financial 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.

Financial assets held for sale (HFS)

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 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 a financial asset measured at FVTPL in accordance with IFRS 9.

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. Subsequent to initial recognition these assets are measured at amortised cost less impairment loss allowances. Impairment losses are recognised in the statement of comprehensive income for expected credit losses, and changes in those expected credit losses over the life of the instrument. Loss allowances are calculated based on lifetime expected credit losses at each reporting date.

(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 their fair value.

Financial liabilities

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

Financial liabilities held for sale

Financial liabilities held for sale represent interests held by other parties in funds in which the Group recognises 100% of the investment in the fund as a financial asset held for sale. 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.

4) Significant accounting policies continued

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.

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 a 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.

4) Significant accounting policies continued

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.

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 £195.7 million for the year as reconciled on page 28 (FY2019/20: adjusted EBITDA of £222.5 million was derived by adjusting operating profit by £3.4 million of depreciation and amortisation expense, £7.6 million of income related to seed capital and £4.4 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

	2021 £m	2020 £m
United Kingdom and Ireland	**24.8**	26.4
United States	**65.1**	72.4
Other	**3.2**	3.9
Total non-current assets	**93.1**	102.7

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 (FY2019/20: 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

	2021 £m	2020 £m
United Kingdom and Ireland	**229.9**	287.0
United States	**26.8**	24.3
Other	**36.2**	26.7
Total revenue	**292.9**	338.0

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 2021**	Closing rate as at 30 June 2020	**Average rate year ended 30 June 2021**	Average rate year ended 30 June 2020
US dollar	**1.3815**	1.2356	**1.3472**	1.2637
Euro	**1.1649**	1.1001	**1.1315**	1.1331
Indonesian rupiah	**20,031**	17,651	**19,389**	18,134
Colombian peso	**5,158**	4,620	**4,968**	4,468

Foreign exchange gains and losses are shown below.

	2021 £m	2020 £m
Net realised and unrealised hedging gains	**9.2**	1.5
Translation gains/(losses) on non-Sterling denominated monetary assets and liabilities	**(4.9)**	5.5
Total foreign exchange gains	**4.3**	7.0

8) Finance income

	2021 £m	2020 £m
Interest and investment income	**4.3**	11.1
Net realised gains on seed capital investments measured at fair value	**8.5**	4.0
Net unrealised gains/(losses) on seed capital investments measured at fair value	**11.5**	(2.6)
Interest expense on lease liabilities (note 16)	**(0.4)**	(0.5)
Total finance income	**23.9**	12.0

Included within interest and investment income are gains of £3.3 million (FY 2019/20: £4.8 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 £10.8 million gains (FY2019/20: £2.8 million gains) in relation to financial assets held for sale (note 20a), £8.2 million gains (FY2019/20: £0.8 million losses) on financial assets measured at FVTPL (note 20b) and £2.2 million gains (FY2019/20: £4.5 million losses) on non-current financial assets measured at fair value (note 20c).

9) Personnel expenses

Personnel expenses during the year comprised the following:

	2021 £m	2020 £m
Wages and salaries	**21.4**	22.2
Performance-related cash bonuses	**20.2**	21.1
Share-based payments	**33.4**	33.9
Social security costs	**1.8**	1.9
Pension costs	**1.8**	1.9
Other costs	**1.7**	1.6
Total personnel expenses	**80.3**	82.6

Number of employees

At 30 June 2021, 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 2021 Number	Average for the year ended 30 June 2020 Number	At 30 June 2021 Number	At 30 June 2020 Number
Total investment management employees	**295**	292	**298**	291

Directors' remuneration

Disclosures of Directors' remuneration during the year as required by the Companies Act 2006 are included in the Remuneration report on pages 83 to 115.

There are retirement benefits accruing to two Executive Directors under a defined contribution scheme (FY2019/20: 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	2021 £m	2020 £m
Omnibus Plan	**33.3**	33.5
Phantom Bonus Plan	**0.1**	0.4
Total share-based payments expense	**33.4**	33.9

The total expense recognised for the year in respect of equity-settled share-based payment awards was £29.9 million (FY2019/20: £28.9 million), of which £2.5 million (FY2019/20: £2.0 million) 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	**2021 £m**	2020 £m
2015	**–**	3.3
2016	**2.6**	2.7
2017	**3.7**	3.7
2018	**3.8**	3.8
2019	**4.4**	4.8
2020	**3.9**	10.9
2021	**11.5**	–
Total Omnibus share-based payments expense reported in comprehensive income	**29.9**	29.2

Awards outstanding under the Omnibus Plan were as follows:

i) Equity-settled awards

Group and Company	**2021 Number of shares subject to awards**	**2021 Weighted average share price**	2020 Number of shares subject to awards	2020 Weighted average share price
Restricted share awards				
At the beginning of the year	**22,073,338**	**£3.27**	21,233,773	£3.04
Granted	**4,189,112**	**£3.62**	4,026,981	£4.39
Vested	**(5,945,594)**	**£2.47**	(3,063,448)	£3.16
Forfeited	**(319,463)**	**£3.12**	(123,968)	£3.04
Awards outstanding at year end	**19,997,393**	**£3.58**	22,073,338	£3.27
Bonus share awards				
At the beginning of the year	**10,693,287**	**£3.32**	9,705,156	£3.07
Granted	**2,261,160**	**£3.61**	2,060,811	£4.38
Vested	**(2,336,799)**	**£2.43**	(1,072,680)	£3.09
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**10,617,648**	**£3.58**	10,693,287	£3.32
Matching share awards				
At the beginning of the year	**10,750,311**	**£3.33**	9,730,005	£3.08
Granted	**2,273,623**	**£3.61**	2,092,986	£4.38
Vested	**(2,230,531)**	**£2.43**	(1,072,680)	£3.09
Forfeited	**(106,268)**	**£2.43**	–	–
Awards outstanding at year end	**10,687,135**	**£3.58**	10,750,311	£3.33
Total	**41,302,176**	**£3.58**	43,516,936	£3.30

10) Share-based payments continued

ii) Cash-settled awards

Group and Company	**2021 Number of shares subject to awards**	**2021 Weighted average share price**	2020 Number of shares subject to awards	2020 Weighted average share price
Restricted share awards				
At the beginning of the year	**141,297**	**£3.45**	119,514	£3.18
Granted	**778**	**£3.60**	31,345	£4.38
Vested	**(19,836)**	**£2.43**	(9,062)	£3.09
Forfeited	**–**	**–**	(500)	£4.38
Awards outstanding at year end	**122,239**	**£3.53**	141,297	£3.45
Bonus share awards				
At the beginning of the year	**86,944**	**£3.47**	68,054	£3.21
Granted	**–**	**–**	18,890	£4.38
Vested	**(6,179)**	**£2.43**	–	–
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**80,765**	**£3.55**	86,944	£3.47
Matching share awards				
At the beginning of the year	**86,944**	**£3.47**	68,054	£3.21
Granted	**–**	**–**	18,890	£4.38
Vested	**(6,179)**	**£2.43**	–	–
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**80,765**	**£3.55**	86,944	£3.47
Total	**283,769**	**£3.54**	315,185	£3.46

iii) Total awards

Group and Company	2021 Number of shares subject to awards	2021 Weighted average share price	2020 Number of shares subject to awards	2020 Weighted average share price
Restricted share awards				
At the beginning of the year	**22,214,635**	**£3.27**	21,353,287	£3.04
Granted	**4,189,890**	**£3.62**	4,058,326	£4.39
Vested	**(5,965,430)**	**£2.47**	(3,072,510)	£3.16
Forfeited	**(319,463)**	**£3.12**	(124,468)	£3.05
Awards outstanding at year end	**20,119,632**	**£3.58**	22,214,635	£3.27
Bonus share awards				
At the beginning of the year	**10,780,231**	**£3.33**	9,773,210	£3.07
Granted	**2,261,160**	**£3.61**	2,079,701	£4.38
Vested	**(2,342,978)**	**£2.43**	(1,072,680)	£3.09
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**10,698,413**	**£3.58**	10,780,231	£3.33
Matching share awards				
At the beginning of the year	**10,837,255**	**£3.33**	9,798,059	£3.08
Granted	**2,273,623**	**£3.61**	2,111,876	£4.38
Vested	**(2,236,710)**	**£2.43**	(1,072,680)	£3.09
Forfeited	**(106,268)**	**£2.43**	–	–
Awards outstanding at year end	**10,767,900**	**£3.58**	10,837,255	£3.33
Total	**41,585,945**	**£3.58**	43,832,121	£3.30

The weighted average fair value of awards granted to employees under the Omnibus Plan during the year was £3.62 (FY2019/20: £4.38), calculated based on 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 2020: £0.8 million) of which £nil (30 June 2020: £nil) relates to vested awards.

11) Other expenses

Other expenses consist of the following:

	2021 £m	2020 £m
Travel	**0.1**	1.7
Professional fees	**4.8**	4.9
Information technology and communications	**7.0**	6.8
Amortisation of intangible assets (note 15)	**0.2**	0.2
Operating leases	**0.3**	0.1
Depreciation of property, plant and equipment (note 16)	**2.6**	3.2
Premises-related costs	**1.0**	1.2
Insurance	**0.8**	0.6
Research costs	**0.5**	0.5
Auditor's remuneration (see below)	**0.8**	0.6
Consolidated funds	**1.6**	2.2
Other expenses	**4.3**	4.6
	24.0	26.6

Operating leases expense relates to short-term leases where the Group has applied the optional exemption contained within IFRS 16, which permits the cost of short-term leases (less than 12 months) to be expensed on a straight-line basis over the lease term.

Auditor's remuneration

	2021 £m	2020 £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	**0.4**	0.3
Fees for non-audit services:		
– Other non-audit services	**0.2**	0.1
	0.8	0.6

12) Taxation

Analysis of tax charge for the year:

	2021 £m	2020 £m
Current tax		
UK corporation tax on profits for the year	**24.4**	24.7
Overseas corporation tax charge	**17.3**	16.8
Adjustments in respect of prior years	**(0.4)**	(2.8)
	41.3	38.7
Deferred tax		
Origination and reversal of temporary differences (see note 18)	**1.8**	(1.2)
Effect on deferred tax balance of changes in corporation tax rates	**(2.4)**	(0.7)
Tax expense	**40.7**	36.8

Factors affecting tax charge for the year

	2021 £m	2020 £m
Profit before tax	**282.5**	221.5
Profit on ordinary activities multiplied by the UK tax rate of 19% (FY2019/20: 19%)	**53.7**	42.1
Effects of:		
Non-deductible expenses	**0.3**	0.5
Deduction in respect of vested shares/exercised options (Part 12, Corporation Tax Act 2009)	**(3.4)**	(1.2)
Different rate of taxes on overseas profits	**(3.8)**	(4.2)
Non-taxable income[1]	**(4.1)**	(0.1)
Effect on deferred tax balances from changes in corporation tax rates	**(2.4)**	–
Derecognition of deferred tax assets	**0.4**	2.9
Other items	**–**	0.3
Adjustments in respect of prior years	**–**	(3.5)
Tax expense	**40.7**	36.8

1. Non-taxable income comprises investment income in certain jurisdictions in which the Group operates for which there are local tax exemptions.

An increase in the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023 was enacted in the Finance Act 2021. This rate increase has been taken into account in the calculation of the Group's UK deferred tax assets and liabilities as at 30 June 2021, to the extent that they are expected to reverse after the rate increase comes into effect.

13) Earnings per share

Basic earnings per share at 30 June 2021 of 36.40 pence (30 June 2020: 27.35 pence) is calculated by dividing the profit after tax for the financial year attributable to equity holders of the parent of £240.1 million (FY2019/20: £182.1 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.

	2021 Number of ordinary shares	2020 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**659,341,111**	666,019,404
Effect of dilutive potential ordinary shares – share awards	**41,926,476**	43,241,702
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**701,267,587**	709,261,106

14) Dividends

Dividends paid in the year

Company	**2021 £m**	2020 £m
Final dividend for FY2019/20 – 12.10p (FY2018/19: 12.10p)	**84.7**	86.0
Interim dividend for FY2020/21 – 4.80p (FY2019/20: 4.80p)	**33.6**	34.0
	118.3	120.0

In addition, the Group paid £2.9 million (FY2019/20: £2.7 million) of dividends to non-controlling interests.

Dividends declared/proposed in respect of the year

Company	**2021 pence**	2020 pence
Interim dividend per share paid	**4.80**	4.80
Final dividend per share proposed	**12.10**	12.10
	16.90	16.90

On 2 September 2021, the Board proposed a final dividend of 12.10 pence per share for the year ended 30 June 2021. 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 £85.7 million.

15) Goodwill and intangible assets

Group	Goodwill £m	Fund management intangible assets £m	Total £m
Cost (at original exchange rate)			
At 30 June 2021 and 2020	**70.4**	**0.9**	**71.3**
Accumulated amortisation and impairment			
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)
Amortisation charge for the year	**–**	**(0.2)**	**(0.2)**
At 30 June 2021	**–**	**(0.5)**	**(0.5)**
Net book value			
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
Accumulated amortisation for the year	**–**	**(0.2)**	**(0.2)**
Foreign exchange revaluation through reserves*	**(9.0)**	**–**	**(9.0)**
At 30 June 2021	**80.1**	**0.4**	**80.5**

* 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 2021 and 2020	**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 2021, 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, macro-economic 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 2021 using a market share price of £3.85, 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 2021 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 2021 and no factors were identified suggesting that fund management contracts intangible assets were impaired. The remaining amortisation period for fund management contracts is four years.

16) Property, plant and equipment

The Group's property, plant and equipment include right-of-use assets recognised on operating lease arrangements as follows:

	Group £m	Company £m
Property, plant and equipment owned by the Group	1.8	1.3
Right-of-use assets	9.4	5.5
Net book value at 30 June 2021	**11.2**	**6.8**

The movement in property, plant and equipment is provided below:

Group	**2021 Fixtures, fittings and equipment £m**	2020 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**20.8**	7.7
Right-of-use assets recognition and remeasurement	**1.4**	12.6
Additions	**0.7**	1.0
Disposals	**–**	(0.3)
Foreign exchange revaluation	**(1.0)**	(0.2)
At the end of the year	**21.9**	20.8
Accumulated depreciation		
At the beginning of the year	**9.1**	6.2
Right-of-use assets recognition and remeasurement	**(0.8)**	–
Disposals	**–**	(0.3)
Depreciation charge for the year	**2.9**	3.2
Foreign exchange revaluation	**(0.5)**	–
At the end of the year	**10.7**	9.1
Net book value at 30 June	**11.2**	11.7

Company	**2021 Fixtures, fittings and equipment £m**	2020 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**12.0**	4.2
Right-of-use assets recognition and remeasurement	**0.9**	6.9
Additions	**0.6**	0.9
At the end of the year	**13.5**	12.0
Accumulated depreciation		
At the beginning of the year	**5.2**	3.7
Depreciation charge for year	**1.5**	1.5
At the end of the year	**6.7**	5.2
Net book value at 30 June	**6.8**	6.8

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 three to eight 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. The Group calculates the lease liabilities using the lessee's incremental borrowing rates that resulted in a weighted average incremental borrowing rate of 4.5% (FY2019/20: 4.8%).

The carrying value of right-of-use assets, lease liabilities and the movement during the year are set out below.

	Group		Company	
	Right-of-use assets £m	Lease liabilities £m	Right-of-use asset £m	Lease liability £m
At 1 July 2019	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**
Additions and remeasurement of lease obligations	**2.2**	**2.2**	**0.9**	**0.9**
Lease payments	**–**	**(2.5)**	**–**	**(1.3)**
Interest expense (note 8)	**–**	**0.4**	**–**	**0.2**
Depreciation charge	**(2.2)**	**–**	**(1.1)**	**–**
Foreign exchange revaluation through reserves	**(0.5)**	**(0.5)**	**–**	**–**
At 30 June 2021	**9.4**	**9.8**	**5.5**	**5.7**

The contractual maturities on the minimum lease payments under lease liabilities are provided below:

	Group		Company	
Maturity analysis – contractual undiscounted cash flows	**30 June 2021 £m**	30 June 2020 £m	**30 June 2021 £m**	30 June 2020 £m
Within 1 year	**2.5**	2.6	**1.3**	1.3
Between 1 and 5 years	**8.1**	8.2	**5.0**	5.2
Later than 5 years	**0.5**	1.1	**–**	–
Total undiscounted lease liabilities	**11.1**	11.9	**6.3**	6.5
Lease liabilities are presented in the balance sheet as follows:				
Current	**2.5**	2.0	**1.3**	1.1
Non-current	**7.3**	8.2	**4.4**	4.8
Total lease liabilities	**9.8**	10.2	**5.7**	5.9
Amounts recognised under financing activities in the cash flow statement:				
Payment of lease liabilities	**2.1**	2.3	**1.1**	1.0
Interest paid	**0.4**	0.5	**0.2**	0.3
Total cash outflow for leases	**2.5**	2.8	**1.3**	1.3

17) Trade and other receivables

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Current				
Trade debtors	**77.9**	90.5	**1.2**	1.6
Prepayments	**3.2**	3.9	**1.9**	1.4
Loans due from subsidiaries	**–**	–	**507.7**	464.8
Amounts due from subsidiaries	**–**	–	**9.1**	50.3
Other receivables	**2.3**	1.8	**1.9**	0.1
Total trade and other receivables	**83.4**	96.2	**521.8**	518.2

Group trade debtors include accrued management and performance fees in respect of investment management services provided up to 30 June 2021. 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 £0.5 million as at 30 June 2021 (30 June 2020: £0.1 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 2021, no balances are past due and the assessed provision for expected credit losses was immaterial (30 June 2020: no balances are past due and the assessed provision for expected credit losses was immaterial).

Loans due from subsidiaries for the Company include an intercompany loan 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. Expected credit losses on intercompany loans are estimated based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the expected credit loss has been assessed to be immaterial. As at 30 June 2021, no balances are past due and the assessed provision for expected credit losses was immaterial (30 June 2020: no balances are past due and the assessed provision for expected credit losses was immaterial).

18) Deferred taxation

Deferred tax assets and liabilities recognised by the Group and Company at year end are attributable to the following:

	2021			2020		
Group	**Other temporary differences £m**	**Share-based payments £m**	**Total £m**	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	**7.6**	**27.2**	**34.8**	7.7	22.9	30.6
Deferred tax liabilities	**(10.5)**	**–**	**(10.5)**	(6.9)	–	(6.9)
	(2.9)	**27.2**	**24.3**	0.8	22.9	23.7

	2021			2020		
Company	**Other temporary differences £m**	**Share-based payments £m**	**Total £m**	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	**–**	**25.1**	**25.1**	0.1	20.5	20.6

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 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
Credited/(charged) to the consolidated statement of comprehensive income	**(3.7)**	**4.3**	**0.6**
At 30 June 2021	**(2.9)**	**27.2**	**24.3**

Company	Other temporary differences £m	Share-based payments £m	Total £m
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
Credited/(charged) to the statement of comprehensive income	**(0.1)**	**4.6**	**4.5**
At 30 June 2021	**–**	**25.1**	**25.1**

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:

	2021 Level 1 £m	Level 2 £m	Level 3 £m	Total £m	2020 Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Investment securities	**209.0**	**66.7**	**42.4**	**318.1**	125.1	60.6	48.8	234.5
Financial assets held for sale	**–**	**46.2**	**–**	**46.2**	–	43.1	–	43.1
Financial assets measured at FVTPL	**–**	**39.2**	**1.8**	**41.0**	–	10.9	0.7	11.6
Derivative financial instruments	**–**	**1.3**	**–**	**1.3**	–	–	–	–
Non-current financial assets at fair value	**–**	**–**	**34.0**	**34.0**	–	0.1	27.9	28.0
	209.0	**153.4**	**78.2**	**440.6**	125.1	114.7	77.4	317.2
Financial liabilities								
Third-party interests in consolidated funds	**73.7**	**15.1**	**16.9**	**105.7**	65.1	10.6	10.4	86.1
Financial liabilities held for sale	**–**	**3.8**	**–**	**3.8**	–	4.5	–	4.5
Derivative financial instruments	**–**	**–**	**–**	**–**	–	1.7	–	1.7
	73.7	**18.9**	**16.9**	**109.5**	65.1	16.8	10.4	92.3

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 2021 and 2020:

	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 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
Additions	**57.2**	**1.1**	**8.1**	**28.6**
Disposals	**(73.8)**	**(0.4)**	**(2.5)**	**(26.9)**
Unrealised gains/(losses) recognised in finance income	**11.9**	**0.4**	**2.2**	**4.8**
Unrealised gains/(losses) recognised in reserves	**(1.7)**	**–**	**(1.7)**	**–**
At 30 June 2021	**42.4**	**1.8**	**34.0**	**16.9**

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. 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 2021 and 2020, and the associated sensitivity to changes in unobservable inputs to a reasonable alternative.

Asset class and valuation technique	**2021 Fair value £m**	**Significant unobservable inputs**	**Range of estimates**	**Sensitivity factor**	**Change in fair value £m**
Unquoted securities					
Market multiple and discount	**23.7**	EBITDA multiple	5x-15x	+/- 1x	+/- 1.5
		Marketability adjustment	5%-95%	+/- 5%	-/+ 2.9[1]
Discounted cash flow	**13.4**	Marketability adjustment	20%-60%	+/- 5%	-/+ 1.5
		Discount rate	10%-20%	+/- 5%	-/+ 2.9
Unquoted funds					
Net assets approach	**41.1**	NAV[2]	1x	+/- 5%	+/- 1.9
Total level 3 investments	**78.2**				

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[2]	1x	+/- 5%	+/- 1.4
Total level 3 investments	77.4				

1. Includes sensitivities in relation to two unlisted investment securities held by the Group through a consolidated fund as at the balance sheet date to take account of significant uncertainties relating to regulatory and shareholder approvals concerning the listing of these investments. Further details are provided in the subsequent events note 32.
2. NAV priced assets include seed capital investments whose value is determined by the fund administrator using unobservable inputs. The significant unobservable inputs applied include EBITDA, market multiples and discount rates as described under note 31.

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 have 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 2021 and 2020.

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	Financial assets held for sale £m	Financial assets measured at fair value £m	Investment securities (relating to consolidated funds)[1] £m	Other (relating to consolidated funds)[2] £m	Third-party interests in consolidated funds £m	Non-current financial assets measured at fair value[3] £m	Total £m
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	–	–
Additions	43.6	–	8.0	–	(3.9)	3.7	51.4
Disposals	(16.2)	(43.5)	(33.9)	–	11.6	(2.6)	(84.6)
Fair value movement	2.2	(2.3)	14.6	(2.0)	(14.0)	(4.7)	(6.2)
Carrying amount at 30 June 2020	38.6	11.6	234.5	11.8	(86.1)	28.0	238.4
Reclassification:							
HFS investments to consolidated funds	**(44.1)**	**–**	**53.8**	**–**	**(9.7)**	**–**	**–**
Consolidated funds to FVTPL	**–**	**49.9**	**(112.0)**	**–**	**62.1**	**–**	**–**
Additions	**42.2**	**14.4**	**130.3**	**–**	**(57.9)**	**5.6**	**134.6**
Disposals	**–**	**(41.4)**	**(101.2)**	**–**	**39.2**	**(2.6)**	**(106.0)**
Fair value movement	**5.7**	**6.5**	**112.7**	**(2.2)**	**(53.3)**	**0.4**	**69.8**
Carrying amount at 30 June 2021	**42.4**	**41.0**	**318.1**	**9.6**	**(105.7)**	**31.4**	**336.8**

1. Investment securities in consolidated funds are measured at FVTPL
2. Relates to cash and other assets in consolidated funds that are not investment securities, see note 20(d).
3. Excludes £2.6 million of other non-current financial assets measured at fair value that are not classified as seed capital.

20) Seed capital investments continued

a) Financial assets and 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, seven funds (FY2019/20: six) 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 financial assets and liabilities held for sale at 30 June 2021 were as follows:

	2021 £m	2020 £m
Financial assets held for sale	**46.2**	43.1
Financial liabilities held for sale	**(3.8)**	(4.5)
Financial assets held for sale	**42.4**	38.6

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 (FY2019/20: 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, five such funds (FY2019/20: three) with an aggregate carrying amount of £44.1 million (FY2019/20: £35.7 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 £10.8 million (FY2019/20: gains of £2.8 million) in relation to financial assets held for sale.

As the Group considers itself to have one segment (refer to note 4), no additional segmental disclosure of held for sale financial assets or liabilities is applicable.

b) Financial assets measured at fair value through profit or loss

FVTPL investments at 30 June 2021 comprise shares held in debt and equity funds as follows:

	2021 £m	2020 £m
Equity funds	**33.7**	3.2
Debt funds	**7.3**	8.4
Financial assets measured at fair value	**41.0**	11.6

Included within finance income are gains of £8.2 million (FY2019/20: losses of £0.8 million) on the Group's financial assets measured at FVTPL.

c) Non-current financial assets measured at fair value

Non-current financial 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.

	2021 £m	2020 £m
Real estate funds	**1.8**	3.5
Infrastructure funds	**20.2**	17.5
Other funds	**9.4**	7.0
Non-current financial assets measured at fair value	**31.4**	28.0

Included within finance income are gains of £2.2 million (FY2019/20: losses of £4.5 million) on the Group's non-current financial assets measured at fair value.

d) Consolidated funds

The Group has consolidated 14 investment funds as at 30 June 2021 (30 June 2020: 12 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.

	2021 £m	2020 £m
Investment securities[1]	**318.1**	234.5
Cash and cash equivalents	**10.4**	10.8
Other[2]	**(0.8)**	1.0
Third-party interests in consolidated funds	**(105.7)**	(86.1)
Consolidated seed capital investments	**222.0**	160.2

1. 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.
2. 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 gains of £72.5 million (FY2019/20: £9.0 million losses) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds, as follows:

	2021 £m	2020 £m
Interest and dividend income	**3.3**	4.8
Gains/(losses) on investment securities	**123.5**	(19.1)
Change in third-party interests in consolidated funds	**(52.6)**	7.5
Other expenses	**(1.7)**	(2.2)
Net gains/(losses) on consolidated funds	**72.5**	(9.0)

Included in the Group's cash generated from operations is £0.4 million (FY2019/20: £3.0 million cash utilised in operations) relating to consolidated funds.

As of 30 June 2021, the Group's consolidated funds were domiciled in Guernsey, 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 financial assets 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 36 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 £609.2 million as at 30 June 2021 (30 June 2020: excess capital of £555.2 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 measured at amortised cost. The table below lists financial assets subject to credit risk.

	Notes	**2021 £m**	2020 £m
Trade and other receivables	17	**83.4**	96.2
Cash and cash equivalents		**456.1**	500.9
Total		**539.5**	597.1

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 AAAm as at 30 June 2021 (30 June 2020: A to AAAm). As at 30 June 2021, the Group held £333.5 million (30 June 2020: £368.0 million) 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 2020: 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. 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 2021

	Within 1 year £m	**1-5 years £m**	**More than 5 years £m**	**Total £m**
Current trade and other payables	**45.5**	**–**	**–**	**45.5**
	45.5	**–**	**–**	**45.5**

At 30 June 2020

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Derivative financial liabilities	1.7	–	–	1.7
Current trade and other payables	50.7	–	–	50.7
	52.4	–	–	52.4

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

	2021 %	2020 %
Deposits with banks and liquidity funds	**0.23**	1.31

At 30 June 2021, 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 £2.3 million higher/lower (FY2019/20: £2.4 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.

		2021		2020
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%	**0.4**	**5.3**	1.3	5.3
Colombian peso +/- 1%	**0.1**	**0.1**	0.1	0.1
Indonesian rupiah +/- 1%	**–**	**0.1**	–	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. Details of seed capital investments held are given in note 20.

The Group has procedures defined by the Board governing the appraisal, approval and monitoring of seed capital investments.

At 30 June 2021, a 5% movement in the fair value of these investments would have a £16.8 million (FY2019/20: £11.9 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$94.4 billion and applying the year's average net management fee rate of 41bps, a 5% movement in AuM would have a US$19.4 million impact, equivalent to £14.0 million using year end exchange rate of 1.3815, on management fee revenues (FY2019/20: 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).

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 2021, protect a proportion of the Group's revenue cash flows from foreign exchange movements. The cumulative fair value of the outstanding foreign exchange hedges asset at 30 June 2021 was £1.3 million (30 June 2020: £1.7 million foreign exchange hedges liability) and is included within the Group's derivative financial instrument assets.

The notional and fair values of foreign exchange hedging instruments were as follows:

	2021		2020	
	Notional amount US$m	**Fair value assets/ (liabilities) £m**	Notional amount US$m	Fair value assets/ (liabilities) £m
Cash flow hedges				
Foreign exchange nil-cost option collars	**100.0**	**1.3**	120.0	(1.7)
	100.0	**1.3**	120.0	(1.7)

The maturity profile of the Group's outstanding hedges is shown below.

Notional amount of option collars maturing:	**2021 US$m**	2020 US$m
Within 6 months	**40.0**	60.0
Between 6 and 12 months	**40.0**	50.0
Later than 12 months	**20.0**	10.0
	100.0	120.0

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 gain of £1.2 million (FY2019/20: £0.1 million loss) on the Group's hedges has been recognised through other comprehensive income and £1.8 million intrinsic value gain (FY2019/20: £0.1 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 £9.2 million (note 7) recognised at 30 June 2021 (£1.5 million gain at 30 June 2020) are:

- a £1.8 million gain in respect of foreign exchange hedges covering net management fee income for the financial year ending 30 June 2021 (FY2019/20: £0.9 million loss); and
- a £7.4 million gain in respect of crystallised foreign exchange contracts (FY2019/20: £2.4 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.

	2021 £m	2020 £m
Cash and cash equivalents	**86.1**	91.8
Trade and other receivables	**521.8**	518.2
Total	**607.9**	610.0

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 AAAm as at 30 June 2021 (30 June 2020: A to AAAm).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2020: 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

	2021 %	2020 %
Deposits with banks and liquidity funds	**0.28**	0.66

At 30 June 2021, 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 £0.4 million higher/lower (FY2019/20: £0.6 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 2021, 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 £4.9 million (FY2019/20: increased/decreased by £4.8 million).

22) Share capital

Authorised share capital

Group and Company	**2021 Number of shares**	**2021 Nominal value £'000**	2020 Number of shares	2020 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	**2021 Number of shares**	**2021 Nominal value £'000**	2020 Number of shares	2020 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 2021, there were equity-settled share awards issued under the Omnibus Plan totalling 41,302,176 (30 June 2020: 43,516,936) shares that have release dates ranging from September 2021 to May 2026. 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 2021, the EBT owned 52,345,869 (30 June 2020: 56,477,466) ordinary shares of 0.01p with a nominal value of £5,235 (30 June 2020: £5,648) and shareholders' funds are reduced by £179.8 million (30 June 2020: £192.7 million) in this respect. The EBT is periodically funded by the Company for these purposes.

24) Trade and other payables

	Group 2021 £m	Group 2020 £m	Company 2021 £m	Company 2020 £m
Current				
Trade payables	**19.3**	20.1	**2.8**	2.5
Accruals and provisions	**26.2**	30.6	**16.6**	20.4
Amounts due to subsidiaries	**–**	–	**83.1**	32.5
Total trade and other payables	**45.5**	50.7	**102.5**	55.4

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	2021 £m	2020 £m
Cost		
At 30 June 2021 and 2020	**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 2021. 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	**61.20**
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 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 14 investment funds as at 30 June 2021 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 Emerging Markets Debt and Currency Fund Limited	Alternatives	Guernsey	**57.88**
Ashmore SICAV Emerging Markets IG Short Duration Fund	Corporate debt	Luxembourg	**45.86**
Ashmore SICAV Emerging Markets Equity Fund	Equity	Luxembourg	**68.56**
Ashmore SICAV Emerging Markets Equity ESG Fund	Equity	Luxembourg	**99.88**
Ashmore SICAV Emerging Markets Indonesian Equity Fund	Equity	Luxembourg	**100.00**
Ashmore SICAV Emerging Markets Global Small-Cap Equity Fund	Equity	Luxembourg	**39.00**
Ashmore SICAV Emerging Markets IG Total Return Fund	Blended debt	Luxembourg	**100.00**
Ashmore SICAV Emerging Markets Total Return ESG Fund	Blended debt	Luxembourg	**99.99**
Ashmore SICAV Emerging Markets Volatility-Managed Local Currency Bond Fund	Local currency	Luxembourg	**100.00**
Ashmore SICAV Emerging Markets China Bond Fund	Local currency	Luxembourg	**60.07**
Ashmore Saudi Equity Fund	Equity	Saudi Arabia	**100.00**
Ashmore Emerging Markets Active Equity Feeder Fund	Equity	USA	**100.00**
Ashmore Emerging Markets Equity ESG Fund	Equity	USA	**100.00**
Ashmore Emerging Markets Short Duration Select Fund	Equity	USA	**100.00**

26) Interests in associates

The Group held interests in the following associates as at 30 June 2021 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%

The movement in the carrying value of investments in associates for the year is provided below:

Associates	**2021 £m**	2020 £m
At the beginning of the year	**0.6**	1.8
Disposals	**–**	(1.1)
Share of profit/(loss)	**0.3**	(0.2)
Foreign exchange revaluation	**–**	0.1
At the end of the year	**0.9**	0.6

The summarised aggregate financial information is shown below.

Associates	**2021 £m**	2020 £m
Total assets	**30.1**	24.1
Total liabilities	**(21.0)**	(17.9)
Net assets	**9.1**	6.2
Group's share of net assets	**0.8**	0.6
Revenue for the year	**16.8**	8.9
Profit/(loss) for the year	**3.6**	(2.3)
Group's share of profit/(loss) for the year	**0.3**	(0.2)

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 2021. The Group had no undrawn capital commitments (30 June 2020: £nil) to investment funds managed by the associates.

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 Strategic report.

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 2020	83.6	0.3	83.3
30 June 2021	**94.4**	**0.5**	**93.9**

Included in the Group's consolidated management fees of £276.4 million (FY2019/20: £330.0 million) are management fees amounting to £275.8 million (FY2019/20: £328.3 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.

	2021 £m	2020 £m
Management fees receivable	**55.6**	55.7
Trade and other receivables	**0.6**	26.6
Seed capital investments*	**114.9**	78.2
Total exposure	**171.1**	160.5

* Comprise financial assets held for sale, 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:

	2021 £m	2020 £m
Short-term benefits	**1.3**	0.8
Defined contribution pension costs	**–**	–
Share-based payment benefits (note 10)	**2.5**	2.0
	3.8	2.8

Short-term benefits include salary and fees, benefits and cash bonus.

Share-based payment benefits represent the cost of equity-settled awards charged to the statement of comprehensive income.

Details of the remuneration of Directors are given in the Remuneration report on pages 83 to 115.

During the year, there were no other transactions entered into with key management personnel (FY2019/20: none). Aggregate key management personnel interests in consolidated funds at 30 June 2021 were £80.2 million (30 June 2020: £33.9 million).

28) Related party transactions continued

Transactions with subsidiaries – Company

Details of transactions between the Company and its subsidiaries are shown below:

	2021 £m	2020 £m
Transactions during the year		
Management fees	**80.7**	78.4
Net dividends	**110.1**	122.0
Loans repaid by/(advanced to) subsidiaries	**(42.9)**	23.3

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 £124.7 million of gross management fees and performance fees (FY2019/20: £174.9 million) from the 106 funds (FY2019/20: 109 funds) it manages and which are classified as related parties. As at 30 June 2021, the Group had receivables due from funds of £8.1 million (30 June 2020: £35.0 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 2021, the loan outstanding was £160.0 million (30 June 2020: £167.0 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 £1.0 million to the Foundation during the year (FY2019/20: £0.1 million).

29) Commitments

The Group has undrawn investment commitments relating to seed capital investments as follows:

Group	2021 £m	2020 £m
Ashmore Andean Fund II, LP	**0.1**	0.3
Ashmore Avenida Colombia Real Estate Fund I (Cayman) LP	**0.1**	0.1
Ashmore I – CAF Colombian Infrastructure Senior Debt Fund	**6.3**	11.6
Ashmore KCH HealthCare Fund II	**2.4**	–
Ashmore Special Opportunities Fund LP	**–**	8.0
Total undrawn investment commitments	**8.9**	20.0

Company

The Company has undrawn loan commitments to other Group entities totalling £203.6 million (30 June 2020: £297.8 million) to support their investment activities but has no investment commitments of its own (30 June 2020: none).

30) Non-controlling interests

The Group's material NCI as at 30 June 2021 was held in PT Ashmore Asset Management Indonesia Tbk (Ashmore Indonesia). Set out below is summarised financial information and the amounts disclosed are before intercompany eliminations.

	40% NCI interest Ashmore Indonesia	
Summarised balance sheet	**2021 £m**	2020 £m
Total assets	**19.6**	22.0
Total liabilities	**(4.0)**	(5.0)
Net assets	**15.6**	17.0
Accumulated NCI	**13.0**	13.4
Summarised statement of comprehensive income		
Net revenue	**10.2**	9.7
Profit for the period	**5.0**	5.1
Other comprehensive income/(loss)	**(2.0)**	0.4
Total comprehensive income	**3.0**	5.5
Profit allocated to NCI	**1.2**	1.9
Dividends paid to NCI	**1.7**	0.7
Summarised cash flows		
Cash flows from operating activities	**3.6**	3.8
Cash flows from investing activities	**(3.1)**	0.5
Cash flows from financing activities	**(4.4)**	8.9
Net increase/(decrease) in cash and cash equivalents	**(3.9)**	13.2

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 2021, 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 36 to 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 2021 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

Subsequent to 30 June 2021, two unlisted investment securities held by the Group through a consolidated fund, with a combined carrying value of £8.4 million as at the balance sheet date, were listed on stock exchanges. As at 31 August 2021, the balance sheet values in respect of these holdings totalled £65.2 million. The Directors do not believe these to be adjusting events due to uncertainties existing at year end.

33) Subsidiaries and related undertakings

The following is a full list of the Ashmore Group plc subsidiaries and related undertakings as at 30 June 2021, 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

Name	Classification	% voting interest	Registered address and place of incorporation
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 (in liquidation)	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	61.20	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 (in liquidation)	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, 4°A, 28001 Madrid, Spain
Ashmore Management (DIFC) Limited	Subsidiary	100.00	Office 105, Gate Village 03, Level 1 Dubai International Financial Centre Dubai, UAE
Ashmore Investment Advisors (India) Private Limited (in liquidation)	Subsidiary	99.82	507A Kakad Chambers, Dr Annie Besant Road, Worli Mumbai 400 018, India
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
Ashmore Emerging Markets Holdings LLC	Subsidiary	100.00	
Ashmore Emerging Markets Acquisition Corp 1	Subsidiary	100.00	
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	

33) Subsidiaries and related undertakings continued

Name	Classification	% voting interest	Registered address and place of incorporation
Ashmore Management Company Limited	Subsidiary	100.00	Trafalgar Court Les Banques St Peter Port GY1 3QL Guernsey
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 Emerging Markets Debt and Currency Fund Limited	Consolidated fund	57.88	
Ashmore SICAV Emerging Markets Middle East Equity Fund	HFS investment	89.26	10, rue du Chateau d'Eau L-3364 Leudelange Grand-Duchy of Luxembourg
Ashmore SICAV Emerging Markets Sovereign Debt ESG Fund	HFS investment	100.00	
Ashmore SICAV Emerging Markets Corporate Debt ESG Fund	HFS investment	100.00	
Ashmore SICAV Emerging Markets China Bond Fund	Consolidated fund	60.07	
Ashmore SICAV Emerging Markets Equity Fund	Consolidated fund	68.56	
Ashmore SICAV Emerging Markets Global Small-Cap Equity Fund	Consolidated fund	39.00	
Ashmore SICAV Emerging Markets IG Total Return Fund	Consolidated fund	100.00	
Ashmore SICAV Emerging Markets Total Return ESG Fund	Consolidated fund	99.99	
Ashmore SICAV Emerging Markets Indonesian Equity Fund	Consolidated fund	100.00	
Ashmore SICAV Emerging Markets Equity ESG Fund	Consolidated fund	99.88	
Ashmore SICAV Emerging Markets IG Short Duration Fund	Consolidated fund	45.86	
Ashmore SICAV Emerging Markets Volatility-Managed LCBF	Consolidated fund	100.00	
Ashmore SICAV Emerging Markets Multi-Asset Fund	Significant holding	23.07	
Ashmore Emerging Markets Corporate Debt ESG Fund	HFS investment	100.00	50 South LaSalle Street Chicago, Illinois 60603
Ashmore Emerging Markets Investment Grade Income Fund	HFS investment	100.00	
Ashmore Emerging Markets Local Currency Bond Fund	HFS investment	43.34	
Ashmore Emerging Markets Active Equity Feeder Fund	Consolidated fund	100.00	
Ashmore Emerging Markets Equity ESG Fund	Consolidated fund	100.00	
Ashmore Emerging Markets Short Duration Select Fund	Consolidated fund	100.00	
Ashmore Emerging Markets Equity Fund	Significant holding	23.81	
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

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Management fees	**276.4**	330.0	307.6	259.7	226.2
Performance fees	**11.9**	3.9	2.8	21.9	28.3
Other revenue	**4.6**	4.1	5.9	4.1	2.7
Total revenue	**292.9**	338.0	316.3	285.7	257.2
Distribution costs	**(5.5)**	(14.5)	(13.3)	(9.2)	(4.6)
Foreign exchange	**4.3**	7.0	11.3	(0.2)	5.0
Net revenue	**291.7**	330.5	314.3	276.3	257.6
Gain/(loss) on investment securities	**123.5**	(19.1)	0.5	3.0	22.4
Change in third-party interests in consolidated funds	**(52.6)**	7.5	3.8	(2.4)	(12.5)
Personnel expenses	**(26.7)**	(27.6)	(26.5)	(24.2)	(24.8)
Variable compensation	**(53.6)**	(55.0)	(57.7)	(48.6)	(43.0)
Other operating expenses	**(24.0)**	(26.6)	(31.6)	(27.6)	(32.9)
Total operating expenses	**(104.3)**	(109.2)	(115.8)	(100.4)	(100.7)
Operating profit	**258.3**	209.7	202.8	176.5	166.8
Finance income	**23.9**	12.0	17.4	15.2	38.6
Share of profits/(losses) from associates and joint ventures	**0.3**	(0.2)	(0.3)	(0.4)	0.8
Profit before tax	**282.5**	221.5	219.9	191.3	206.2
Tax expense	**(40.7)**	(36.8)	(38.4)	(37.8)	(36.7)
Profit for the year	**241.8**	184.7	181.5	153.5	169.5
EPS (basic)	**36.4p**	27.4p	26.6p	22.6p	25.1p
Dividend per share	**16.9p**	16.9p	16.7p	16.7p	16.7p
Other operating data (unaudited)					
AuM at year end (US$bn)	**94.4**	83.6	91.8	73.9	58.7
Average AuM (US$bn)	**90.0**	89.6	80.5	69.2	54.8
Average GBP:USD exchange rate for the year	**1.35**	1.26	1.30	1.35	1.28
Period end GBP:USD exchange rate for the year	**1.38**	1.24	1.27	1.32	1.29

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 2021**
Annual General Meeting	**15 October 2021**
Ex-dividend date	**4 November 2021**
Record date	**5 November 2021**
Final dividend payment date	**10 December 2021**
Second quarter AuM statement	**January 2022**
Announcement of unaudited interim results for the six months ending 31 December 2021	**February 2022**
Third quarter AuM statement	**April 2022**
Fourth quarter AuM statement	**July 2022**
Announcement of results for the year ending 30 June 2022	**September 2022**

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. The Registrar offers 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 2021 Annual Report and Accounts and other publications

Copies of the 2021 Annual Report and financial statements, the Notice of Annual General Meeting, other corporate publications, press releases and announcements are available on the Company's website at www.ashmoregroup.com.

Sharegift

Shareholders with only a small number of shares whose value makes them uneconomic to sell may wish to consider donating to charity through Sharegift, an independent charity share donation scheme.

For further information, please contact either the Registrar or see the Sharegift website at www.sharegift.org.

Frequent shareholder enquiries

Enquiries and notifications concerning dividends, share certificates or transfers and address changes should be sent to the Registrar; the Company's governance reports, corporate governance guidelines and the terms of reference of the Board committees can be found on the Company's website at www.ashmoregroup.com.

Notifying the Company of a change of address

You should notify Equiniti Registrars in writing.

If you hold shares in joint names, the notification to change address must be signed by the first-named shareholder. You may choose to do this online, by logging on to www.shareview.co.uk. You will need your shareholder reference number to access this service – this can be found on your share certificate or from a dividend counterfoil.

You will be asked to select your own PIN and a user ID will be posted to you.

Notifying the Company of a change of name

You should notify Equiniti Registrars in writing of your new name and previous name. You should attach a copy of your marriage certificate or your change of name deed, together with your share certificates and any un-cashed dividend cheques in your old name, so that the Registrar can reissue them.

Dividend payments directly into bank or building society accounts

We recommend that all dividend payments are made directly into a bank or building society account. Dividends are paid via BACS, providing tighter security and access to funds more quickly. To apply for a dividend mandate form, contact the Registrar, or you can find one by logging on to www.shareview.co.uk (under Frequently Asked Questions) or by calling the helpline on 0371 384 2812 (lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047.

Transferring Ashmore Group plc shares

Transferring some or all of your shares to someone else (for example your partner or a member of your family) requires completion of a share transfer form, which is available from Equiniti Registrars. The form should be fully completed and returned with your share certificate representing at least the number of shares being transferred. The Registrar will then process the transfer and issue a balance share certificate to you if applicable. The Registrar will be able to help you with any questions you may have.

Lost share certificate(s)

Shareholders who lose their share certificate(s) or have their certificate(s) stolen should inform Equiniti Registrars immediately by calling the shareholder helpline on 0371 384 2812 (lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047.

Disability helpline

For shareholders with hearing difficulties, a special text phone number is available: 0371 384 2255.

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www.ashmoregroup.com

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