Ashmore

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INTERIM REPORT 2021/22

Contents

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www.ashmoregroup.com

Highlights

Assets under management (AuM) at 31 December 2021

US$87.3bn

30 June 2021: US$94.4bn

AuM outperforming benchmarks over

One year

39%

30 June 2021: 96%

Three years

44%

57%

Five years

54%

79%

Net management fees

£131.0m

H1 2020/21: £138.9m

Adjusted EBITDA

£92.0m

H1 2020/21: £107.2m

Adjusted EBITDA margin

67%

H1 2020/21: 68%

Profit before tax

£116.0m

H1 2020/21: £150.6m

Diluted earnings per share

13.3p

H1 2020/21: 18.2p

Interim dividend per share

4.80p

To be paid on 30 March 2022
H1 2020/21: 4.80p

Non-GAAP alternative performance measures (APMs) are defined and explained on page 34.

Emerging fixed income and equity markets were lower over the past six months, as weaker investor sentiment reflected concerns over inflation and the pace of US monetary policy tightening, slower growth in China, and new COVID-19 variants. Against this market backdrop, Ashmore's assets under management declined by 8% over the period to US$87.3 billion and adjusted EBITDA was 14% lower.

As some of the headwinds faced in 2021 are expected to abate or reverse in 2022 and are more than discounted in current valuations across the fixed income and equity asset classes, the outlook for performance of Emerging Markets assets is favourable. Therefore in addition to the potential for longer term outperformance, the recent correction has presented attractive investment opportunities and, consistent with previous cycles and its value-based approach, Ashmore's investment processes have focused on oversold assets to add risk and to position portfolios to capture the recovery returns available.

Ashmore made progress in the period across a broad range of strategic initiatives, supported by its effective business model with substantial capital resources and a flexible cost base that enables continued investment through market cycles. The Group's diversified seed capital investments support future AuM growth and the portfolio delivered a meaningful gain, albeit lower than in the prior year period. Reflecting the above factors, while diluted EPS of 13.3p declined by 27%, the Board has maintained the interim dividend at 4.80 pence per share.

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 on a consistent basis with prior periods. For the purposes of presenting 'Adjusted' profits, personnel expenses have been adjusted for the variable compensation on foreign exchange translation gains and losses.

Non-GAAP alternative performance measures (APMs) are defined and reconciled at the end of this document.

		Reclassification of			
£m	**H1 2021/22 Reported**	Seed capital-related items	Foreign exchange translation	**H1 2021/22 Adjusted**	H1 2020/21 Adjusted
Net management fees	**131.0**	–	–	**131.0**	138.9
Performance fees	**3.1**	–	–	**3.1**	7.7
Other revenue	**1.4**	–	–	**1.4**	1.5
Foreign exchange	**3.0**	–	(0.3)	**2.7**	8.7
Net revenue	**138.5**	–	(0.3)	**138.2**	156.8
Gains on investment securities	**51.0**	(51.0)	–	**–**	–
Change in third-party interests in consolidated funds	**(23.0)**	23.0	–	**–**	–
Personnel expenses	**(36.5)**	–	0.1	**(36.4)**	(40.0)
Other expenses excluding depreciation and amortisation	**(10.5)**	0.7	–	**(9.8)**	(9.6)
EBITDA	**119.5**	(27.3)	(0.2)	**92.0**	107.2
EBITDA margin	***86%***	–	–	***67%***	*68%*
Depreciation and amortisation	**(1.6)**	–	–	**(1.6)**	(1.6)
Operating profit	**117.9**	(27.3)	(0.2)	**90.4**	105.6
Net finance income/(expense)	**(1.9)**	2.1	–	**0.2**	0.5
Associates and joint ventures	**–**	–	–	**–**	0.1
Profit before tax	**116.0**	(25.2)	(0.2)	**90.6**	106.2
Foreign exchange translation	**–**	–	0.2	**0.2**	(4.9)
Seed capital-related items	**–**	25.2	–	**25.2**	49.3
Profit before tax	**116.0**	–	–	**116.0**	150.6
Diluted EPS (p)	**13.3**	(2.9)	–	**10.4**	12.8

Investment themes

External debt	Local currency	Corporate debt
Invests in debt instruments issued by sovereigns and quasi-sovereigns and denominated in foreign currencies.	Invests in local currencies and local currency-denominated debt instruments issued by sovereigns, quasi-sovereigns and companies.	Invests in debt instruments issued by public and private sector companies.
Equities	**Alternatives**	**Blended debt**
Invests in equity and equity-related instruments including global, regional, country, small cap, frontier and multi-asset opportunities.	Invests in private equity, healthcare, infrastructure, special situations, distressed debt and real estate opportunities.	Asset allocation across the external debt, local currency and corporate debt investment themes, measured against tailor-made blended indices.

Ashmore's six headline investment themes described above provide access to the broad range of investable and scalable investment opportunities available across the diverse Emerging Markets universe. Three factors will drive longer-term growth in the Group's AuM. First, the Emerging Markets will continue to develop and evolve, with broader, deeper and more accessible capital markets contributing to the range and scale of investment opportunities; second, investor allocations to Emerging Markets are expected to increase from very underweight levels currently; and third, Ashmore will continue to innovate in order to provide access to new Emerging Markets investment strategies.

Market review

Investor sentiment and prices fluctuated over the period in response to persistently high inflation across the world, a sharp rise in energy-related commodity prices, the ongoing impact of COVID-19 including new variants, regulatory developments in China and geopolitical tension between Russia and Ukraine. Consequently, the main Emerging Markets indices declined by 0.5% to 5.5% in fixed income and equity markets were 10.5% lower over the six months.

This market performance is at odds with the underlying economic data, which in many respects continues to be robust, particularly where vaccination programmes are permitting an increase in social and economic activity. This adds to the pressure for the Federal Reserve and other central banks to start or to accelerate monetary policy tightening.

Importantly, central banks in emerging countries have already started raising interest rates in response to high inflation prints, which provides a highly attractive real yield environment that underpins expectations of currency appreciation. In the period, central banks in Brazil, Chile, Mexico, Colombia, Peru, Hungary, Czech Republic, Poland and Russia raised policy rates, meaning that approximately half of the GBI-EM global index constituents are tightening monetary policy and thereby emphasising their independence and inflation-fighting credentials.

Although the main Emerging Markets indices fell over the six months, there was significant variation in the returns between hard currency asset classes (external and corporate debt) and local currency markets (equities and local currency bonds), with the latter underperforming as a consequence of US dollar strength.

External debt

The external debt asset class represents bonds worth US$1.5 trillion and the benchmark EMBI GD index includes approximately 90% of these bonds. In contrast to its high yield (HY) and concentrated origins nearly 30 years ago, the index is highly diversified, with issuers in 72 countries, and 51% of the bonds are rated investment grade (IG).

The asset class exhibits several positive long-term trends, such as increasing diversification as some countries and quasi-sovereigns issue hard currency debt for the first time; continued improvement in credit ratings; and, reflecting these factors, lower spreads over the reference US Treasury bond curve (albeit with cyclical fluctuations around the long-term trend).

Over the six months to 31 December 2021, the index returned -1.1% with the rally in the US Treasury curve mostly offsetting the impact of the index spread widening from 340bps to 370bps. Investment grade bonds outperformed high yield bonds with returns of 0.5% and -2.8%, respectively, over the period.

Ashmore's investment grade strategy outperformed over the period with a return of 0.6% and its broad external debt composite, with more of a bias to high yield assets, underperformed with a return of -5.5%. Over three years, on a gross annualised basis, the broad strategy has returned 3.6% compared with 5.9% for the benchmark, and the IG composite has outperformed with a return of 8.1% versus 7.6% for its benchmark.

The current external debt spread of close to 400bps over US Treasuries represents highly attractive value in the context of the index's history, with the historical tight being below 200bps and a spread below 300bps prevailing prior to the COVID-19 crisis. Furthermore, it is arguable that the market's expectation of five US rate hikes in 2022 is more than priced into current external debt valuations. Indeed, the asset class tends to perform extremely well in a period of rising US interest rates; for example, from December 2015 (the first rate hike in the most recent cycle) the index spread reduced from c.500bps to c.260bps over two years and delivered a total return of more than 22%.

Therefore the outlook for potential returns from external debt strategies is positive, for IG and HY investors.

Local currency

The local currency sovereign bond market is approximately 10 times the size of the external debt market, with US$14.5 trillion of securities in issue. Together with local currency-denominated corporate bonds, the local currency markets represent more than 80% of total Emerging Markets debt issuance. Growth in this market is supported by the ongoing transition of countries from external funding to domestic sources, and the continued broadening and deepening of local capital markets.

Despite the size of the market, the index representation lags the structural developments, with only 20 issuers and US$2.8 billion of bonds (19% of total outstanding) in the benchmark GBI-EM GD index. This gap can narrow over time, particularly as countries open up their domestic markets to foreign investors and remove the 'replication' barrier to index inclusion. China recently took this step and achieved the maximum 10% weighting in the index, and India is expected to follow suit in the near future. This is a potentially significant development as China's local currency government bonds typically perform well in periods of market stress, and therefore represent a credible alternative to the traditional 'safe haven' of US Treasuries. This means that allocations can stay invested in Emerging Markets through cycles rather than accept lower returns in the developed world bond markets.

Over the past six months, the GBI-EM GD index fell by 5.6%, with a roughly even contribution from foreign exchange and higher rates. This performance resulted from the policy tightening across a wide range of emerging countries, and a period of US dollar strength as the Fed became more hawkish and started to taper its quantitative easing. Ultimately, both these factors are positive for Emerging Markets since higher real yields on local bonds provide an attractive investment opportunity and support currencies, and the ending of QE will remove one of the imbalances in global capital markets over the past decade whereby lower yield asset classes in the developed world have been supported by central banks, impeding allocations to higher yielding asset classes.

Ashmore's local currency bonds composite outperformed over the six months with a return of -5.3%. The composite has also outperformed over the past three years with a gross annualised return of 2.3% compared with a benchmark return of 2.1%.

Three factors underpin the attractive returns available in this asset class:

- high real rates relative to similar duration developed world government bonds. For example, the GBI-EM GD index provides a pickup of more than 500bps compared with five-year US Treasury bonds;
- emerging countries are successfully unwinding the fiscal and monetary stimulus deployed to combat the COVID-19 economic shock, whereas the structural challenges facing the US economy mean the US dollar should continue to weaken, therefore benefiting local currency returns in bonds and equities; and
- the structural shift for countries to issue debt in their own currency rather than US dollars or another foreign currency, thereby increasing their resilience to external shocks.

Corporate debt

The benchmark CEMBI BD index fell over the six months, but was the best performing of the Emerging Markets fixed income and equities asset classes with a return of -0.4%. Echoing the external debt performance, investment grade bonds outperformed high yield with returns of 0.2% and -1.1%, respectively.

Ashmore's broad corporate debt composite underperformed over the period with a return of -5.4%, with high yield assets, particularly in certain sectors such as real estate in China, underperforming. Active management means the portfolios are positioned to benefit from the recovery returns available from oversold asset prices.

The investment grade strategy performed in line with the index with a return of 0.1%. Over three years, on a gross annualised basis, the broad strategy has returned 5.4% compared with 6.9% for the benchmark, and the IG composite has outperformed with a return of 8.6% versus 6.6% for its benchmark.

The overall default rate in HY corporate debt fell meaningfully over the six-month period, from 3.6% to 2.6%, and continues to compare favourably with the long-run default rate of 4% and the default experience on US HY bonds. This partly reflects the significant diversity available in the index, which represents 44% of the investment universe, and comprises 836 issuers in 60 countries. The CEMBI BD index also has 56% of issuance rated investment grade, providing substantial opportunities for crossover investors to gain exposure to Emerging Markets corporate debt.

In such a diverse asset class, the factors behind investment performance will inevitably centre on specific issuers, but several themes underpin a positive outlook for returns:

- higher commodity prices support the earnings and creditworthiness of certain companies and quasi-sovereign issuers;
- for every turn of leverage, Emerging Markets issuers typically offer a 50bps-100bps yield pick-up over US issuers with equivalent credit ratings, presenting a highly favourable relative return; and
- global growth should continue to recover as vaccinations provide increasing protection against COVID-19, and social and economic activity can trend back towards pre-pandemic levels, which supports corporate earnings and default rates.

Blended debt

Consistent with the returns in the constituent asset classes, the standard blended debt benchmark (50% EMBI GD, 25% GBI-EM GD and 25% ELMI+ indices) fell 2.6% over the six-month period.

Reflecting Ashmore's relative performance in the constituent asset classes, the blended debt composite underperformed over the six-month period with a return of -8.3% compared with -2.6% for the standard benchmark. The IG strategy slightly underperformed with a return of -1.2% compared with -0.9% for the IG benchmark.

Over the past three years, on a gross annualised basis, the broad strategy has underperformed with a return of +1.5% compared with +3.8% for the standard benchmark, and the IG composite has outperformed with a return of 5.7% compared with +5.3% for its benchmark.

The merits of an allocation to Emerging Markets blended debt are myriad and include the ability to exploit the significant difference in the annual returns across the fixed income asset classes (at least 450bps, and up to 1,000bps); to serve as an introduction to the wide array of investment opportunities in Emerging Markets; and to enable investors to define bespoke investment objectives and benchmarks encompassing external and local currency assets.

Equities

Concerns over global economic growth, the impact of regulatory changes in China, and weaker currencies combined to deliver a decline in the MSCI EM index of -10.4% over the period. Significantly, many of these factors are now stabilising or reversing and there is the potential for a more supportive macro economic backdrop for equities in 2022 compared with the past six months.

Ashmore delivered outperformance in the majority of its global equity strategies over the period, with alpha of 2.7% in the All cap strategy, 0.4% in Frontier markets and 0.3% in Active equity.

There is a similar picture of outperformance over the past three years, with gross annualised performance of 22.8% in All cap and 12.3% in Active equity compared with a benchmark return of 10.9%. Frontier markets and Global small cap strategies have also outperformed with returns of 12.5% and 24.7%, respectively, compared with benchmark returns of 10.7% and 16.5%.

It is notable that corporate earnings have proven resilient across many emerging economies and sectors, but these profits have been de-rated by the market and so in forward PER terms the MSCI EM index now trades at a 15-year low against the MSCI World index. As some of the recent macro headwinds fade and possibly become tailwinds in 2022, there is the real prospect for significant outperformance by Emerging Markets equities.

This applies not only to the large cap universe, but also to small cap and frontier markets investment opportunities where the drivers of profit growth and valuations tend to be domestic in nature, and new products, services and technologies can often develop faster given the low penetration compared with larger economies.

Active management remains of paramount importance in a highly diverse equities investment universe and one that is subject to swings in investor sentiment that drive market volatility. With improving economic fundamentals, supportive commodity prices, continued profit growth and highly attractive valuations, such volatility can be exploited to deliver longer-term outperformance.

Market outlook

Although the past six months were challenging for the performance of Emerging Markets indices, reflecting disappointing growth in China, geopolitical tension between Russia and Ukraine, and investors' fear of higher US interest rates, the outlook for the global macro environment in 2022 provides a highly attractive backdrop for Emerging Markets to outperform.

The performance of the Chinese economy is important for both global economic conditions as well as sentiment towards Emerging Markets more broadly. In this context, it is encouraging that China's counter-cyclical policy tightening in 2021 provides scope for targeted fiscal and monetary easing, leading to a recovery in GDP growth this year. More broadly across Asia, industrial production is accelerating and leading to higher levels of capital investment in the region.

The fundamental impact of higher US rates is nuanced and varies by country, but every Fed rate cycle delivers a clear pattern of investor sentiment towards Emerging Markets. The initial fear of higher rates, no matter from what level nor how rapidly policy may be tightened, causes risk aversion and Emerging Markets assets underperform; this was seen in the second half of 2021. When the Fed does start to tighten policy, the yields and spreads available in fixed income assets, together with the supportive growth environment for equities, means that Emerging Markets outperform. All the signs are that history will repeat itself again and Emerging Markets will outperform in 2022 even as the Fed steadily tightens monetary policy.

Of course, the pace of policy tightening depends in part on the inflation picture. In 2021, inflation was initially influenced by higher commodity prices and base effects after the initial impact of COVID-19 on the world economy. However, it has now broadened out and so the important factor is how central banks have reacted or are likely to respond. In Developed Markets, central banks continue to operate loose policies, and even if the Fed delivers five rate increases in 2022, as expected by markets, then real interest rates will remain stubbornly negative.

In contrast, central banks in many Emerging Markets tightened monetary policy in 2021 with the result that such banks are ahead of the curve with policy rates above inflation expectations. This not only reinforces the central banks' credibility but also provides attractive real yields that will attract capital to local markets and in turn support the performance of currencies.

One of the factors behind higher inflation – commodity prices – is likely to remain supportive for terms of trade and provide a tailwind to commodity exporters, particularly in Latin America, the Middle East and Africa. This means that countries' external accounts are in a strong position with surpluses the norm, even for those that typically run a current account deficit.

Finally, 2022 is an important election year in many emerging countries and this can provide investment opportunities as market volatility rises with uncertainty. In the longer term, countries that undertake reforms and consistently demonstrate high quality policy making are likely to outperform.

These positive fundamental trends need to be seen in the context of highly attractive valuations across both fixed income and equity markets, with index yields and spreads at elevated levels compared with history and equivalent valuations in Developed Markets, and equities trading close to a record price/earnings discount compared with world equity valuations. This provides a very supportive backdrop against which Emerging Markets assets can outperform.

Business and strategic developments

Ashmore has made continued progress across a broad range of strategic initiatives over the six-month period, supported by the Group's consistent and highly effective business model.

Strategy phase one: increasing allocations

The first phase of Ashmore's three-phase strategy focuses on delivering AuM growth through increasing investors' allocations to the Emerging Markets, from typically substantially underweight positions currently. While the market backdrop was challenging during this period, and some clients reduced their risk appetite accordingly, gross subscriptions were at a similar level to the prior year period and progress continued to be made with new client mandates, particularly in the external debt, blended debt and equities themes, and incremental allocations from existing clients across all fixed income and equity asset classes, during the six months.

Strategy phase two: diversification

The increasing diversification of the investment opportunities across Emerging Markets supports higher allocations, providing investors with access to a broad range of risk and return profiles. Consistent with developments in its target markets, Ashmore continues to diversify under phase two of its strategy, with a focus on investment themes, products, client types and client locations.

Notable in this period are the continued net flows into equity products, particularly the highly scalable all cap strategies, and ongoing demand for investment grade strategies in the external debt and corporate debt themes. The objective remains to increase the proportion of retail AuM sourced through intermediaries, which currently stands at 6% versus 15% before the COVID-19 pandemic. As risk appetite returns to the retail market the Group has maintained the appropriate distribution resources, intermediary relationships and mutual fund products to achieve this ambition.

The Group's institutional client base is diversified but also continues to evolve. For example, there is ongoing demand from clients such as financial institutions and pension funds for corporate and sovereign investment grade mandates and lower volatility strategies, meaning that Emerging Markets are increasingly attractive to a broader range of investors with varied investment objectives. The Group also continues to develop investment track records in dedicated ESG strategies and joined the Net Zero Asset Managers Initiative in July 2021.

The achievement of the Group's strategic growth initiatives will mean that revenues, while still subject to broad Emerging Markets cycles, will increasingly comprise diverse fees from a wide range of asset classes, investment strategies, fund structures and client types.

Strategy phase three: mobilising Emerging Markets capital

The third phase of Ashmore's strategy recognises the increasing importance of rapidly growing capital pools in the emerging world, and seeks to access these through global distribution relationships with larger institutions such as central banks, and a network of local platforms to access and manage domestically focused capital. Overall, the Group has maintained the share of AuM from clients domiciled in Emerging Markets at 26%.

The local platforms continue to grow strongly with a 12% increase in AuM over the six months and 15% year-on-year to US$8.0 billion, and representing 9% of the Group compared with 7% a year ago. Of particular note, Ashmore Indonesia reported record AuM at the end of the period and Ashmore Saudi Arabia continued its strong momentum with 49% YoY growth in AuM. Ashmore Colombia achieved the first close of its third private equity fund, raising US$0.2 billion, and continues to diversify by achieving scale in its listed equities capabilities.

Seed capital investments

Ashmore's strategy is focused primarily on organic growth, and the Group's well-capitalised, liquid balance sheet, with more than £800 million of capital resources, provides it with the ability to invest seed capital in funds in pursuit of its strategic objectives and growth in third-party assets under management.

In this period, the seed capital programme made new investments to support growth in the local asset management businesses and, through a combination of profitable realisations and the aggregate mark-to-market of ongoing exposures, it delivered a profit before tax of £25.2 million. In a period when liquid fixed income and equity markets were lower, this profit illustrates the benefit of diversification and the ability to deliver returns from different asset classes and strategies at different points in the cycle. In the prior year period, the gains were primarily in the equities and fixed income strategies, whereas in the current period the negative mark-to-market impact in liquid markets was more than offset by gains from private equity assets held in alternatives funds. As importantly, over time, the Group has made seed capital investments in funds that today represent 10%, or US$9 billion, of the Group's total AuM.

Consistent business model supports growth strategy

Ashmore's business model is designed to operate effectively through market cycles, and to deliver long-term value and benefits for the Group's clients, shareholders, employees and other stakeholders. The conservative financial model, with its emphasis on financial strength and operating cost flexibility, ensures stability in the operating platform as illustrated by resilient profit margins, high levels of employee retention and continued investment in the business to support strategic growth objectives.

The discovery of another COVID-19 variant towards the end of the period caused many governments around the world to reinstate remote working guidance. Consequently, after a period in which employees were able to enjoy the social and efficiency benefits of working in the Group's offices, the majority of Ashmore's employees returned to working remotely.

The experience of the past two years is that Ashmore's operating model can perform effectively in this state, but that the culture of the firm is one that thrives best with teams spending the majority of their time working collaboratively in offices. It is therefore encouraging that, at the time of writing, employees have been able to return to the London office in accordance with government guidance, and it is hoped that the firm's other offices around the world can follow suit when local guidance permits.

AuM development

As at 31 December 2021, assets under management were US$87.3 billion, a decline of 8%, or US$7.1 billion, compared with 30 June 2021. The movement was attributable to negative investment performance of US$3.9 billion and net outflows of US$3.2 billion.

Average AuM of US$91.2 billion was 4% higher than in the same period in the prior year (H1 2020/21: US$87.7 billion).

Gross subscriptions of US$7.8 billion represent 8% of opening AuM and were at a similar level to the prior year period (H1 2020/21: US$7.5 billion, 9% of opening AuM), although with a notable pick-up in the second quarter following more subdued activity levels following the summer months.

Client demand was relatively subdued at the start of the period, reflecting ongoing COVID-19 related working practices and some risk aversion as a consequence of the macro economic uncertainties described in the Market review. However, activity levels increased through the six months and were broad-based across themes.

New client mandates represented approximately one third of institutional subscriptions, with notable client wins in the external debt, blended debt and equities themes. Ashmore Colombia achieved a first close of its third private equity fund, raising US$0.2 billion to focus on investments in domestic and regional infrastructure projects. There was also continued demand for investment grade strategies, particularly in the sovereign market, and strong flows in Asia-focused corporate debt funds.

Gross redemptions of US$11.0 billion, or 12% of opening AuM, were higher than in the prior year period (H1 2020/21: US$8.9 billion, 11% of opening AuM) and include US$1.9 billion of overlay redemptions (H1 2020/21: US$0.4 billion).

Institutional redemptions were influenced by asset allocation decisions in blended debt and local currency, with fully funded pension funds switching to lower return asset classes and some investors taking tactical views on rates markets. Certain strategies that have underperformed in external debt and blended debt experienced outflows. In the local currency theme there were reductions in overlay mandates during the period. Intermediary retail capital typically has a shorter investment horizon than institutional assets, and consequently retail redemptions reflected 20% of the gross redemptions in the period. There was notably lower risk appetite in blended debt and local currency bonds, and redemptions from short duration funds following underperformance.

The total net outflow for the period of US$3.2 billion (H1 2020/21: US$1.4 billion) comprises a net outflow from retail clients of US$1.0 billion (14% of opening intermediary retail AuM) and net redemptions from institutional clients of US$2.2 billion (3% of opening institutional AuM).

The profile of the Group's client base remains consistent. The clients are predominantly a diversified set of institutions, representing 94% of AuM, with the remainder sourced through intermediary retail channels. Segregated accounts represent 79% of AuM (30 June 2021: 79%) and, in line with the third phase of the Group's strategy, 26% of the Group's AuM has been sourced from clients domiciled in Emerging Markets (30 June 2021: 26%).

Ashmore's principal mutual fund platforms are in Europe and the US, which in total represent AuM of US$10.8 billion in 42 funds. The European SICAV range comprises 30 funds with AuM of US$8.9 billion (30 June 2021: US$10.1 billion in 29 funds) and the US 40-Act range has 12 funds with AuM of US$1.9 billion (30 June 2021: US$2.3 billion in 12 funds).

The Group's investments are geographically diverse and broadly consistent with recent periods, with 37% of AuM invested in Latin America, 25% in Asia Pacific, 20% in Eastern Europe and 18% in the Middle East and Africa.

Investment performance

As at 31 December 2021, 39% of AuM is outperforming over one year, 44% over three years and 54% over five years (30 June 2021: 96%, 57% and 79%, respectively).

In fixed income, as would be expected at this point in a market cycle, the short-term (one-year) relative performance is weaker at the end of the period. This reflects the headwinds faced by Emerging Markets in 2021 compared with the strong recovery returns delivered for most of 2020, combined with underperformance in some high yield strategies. Local currency and external debt strategies delivered decent relative performance over the year, with the underperformance more prominent in corporate debt and blended debt funds.

Ashmore's global Emerging Markets equity funds generally continued to outperform, notably in the All cap and Frontier markets strategies.

While there is a lower proportion of Group AuM outperforming over three years compared with 30 June 2021, there are no significant changes in the relative performance by theme over three years. Over five years, the lower figures compared with June 2021 primarily reflect the weaker 2021 performance year replacing the strong 2016 year, which was the first of several recovery years following the 2013 to 2015 bear market.

Ashmore continues to deliver strong relative performance in its local currency and equities themes, and in investment grade strategies across external debt, corporate debt and blended debt. There is also good performance over the longer term in broad corporate debt funds. Strategies with a bias towards HY credit in external debt have underperformed over the medium to longer term, with a consequent impact on some blended debt strategies as a result of the allocation to the underlying theme.

AuM movements by investment theme as classified by mandate

The development during the period of AuM by theme as classified by mandate is shown in the following table. The local currency investment theme includes US$11.0 billion of overlay/liquidity funds (30 June 2021: US$12.3 billion). During the period, assets totalling US$0.5 billion were reclassified from the local currency theme to the blended debt theme as a result of changes to benchmarks and/or investment guidelines.

Investment theme	AuM 30 June 2021 US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	Reclassifications US$bn	Performance US$bn	**AuM 31 December 2021 US$bn**
External debt	18.7	2.8	(2.0)	0.8	–	(0.6)	**18.9**
Local currency	31.9	1.8	(3.6)	(1.8)	(0.5)	(1.0)	**28.6**
Corporate debt	11.3	0.4	(1.3)	(0.9)	–	(0.9)	**9.5**
Blended debt	23.4	1.6	(3.2)	(1.6)	0.5	(1.5)	**20.8**
Equities	7.7	1.1	(0.9)	0.2	–	0.1	**8.0**
Alternatives	1.4	0.1	–	0.1	–	–	**1.5**
Total	**94.4**	**7.8**	**(11.0)**	**(3.2)**	–	**(3.9)**	**87.3**

Financial review

Revenues

Net revenue declined by 8% to £138.5 million as a result of lower net management and performance fees compared with the prior year period. On an adjusted basis, excluding foreign exchange translation effects, net revenue fell by 12% to £138.2 million.

Net revenue

	H1 2021/22 £m	H1 2020/21 £m
Net management fees	**131.0**	138.9
Performance fees	**3.1**	7.7
Other revenues	**1.4**	1.5
FX: hedges	**2.7**	8.7
Adjusted net revenue	**138.2**	156.8
FX: balance sheet translation	**0.3**	(6.1)
Net revenue	**138.5**	150.7

Management fee income, net of distribution costs, declined by 6% to £131.0 million. This reflects a lower net management fee margin of 39bps (H1 2020/21: 42bps), the impact of a higher average GBP:USD rate in this period, and 4% growth in average assets under management compared with the prior year period. At constant H1 2020/21 exchange rates, net management fee income reduced by 2%.

The net management fee margin declined by three basis points compared with the prior year period and one basis point compared with the preceding half year, to 39bps. The primary factors behind the year-on-year movement were the reduction in intermediary retail AuM and net outflows from higher margin mutual funds, which together account for two-thirds of the movement. The remainder was equally split between the impact of flows relating to large institutional mandates, and other factors such as competition and product mix. There was no overall impact from investment theme mix, with growth in equities offset by an increase in the lower margin local currency theme and lower average AuM in the external debt and blended debt themes.

The one basis point movement compared with the preceding half year period is explained by the same factors, namely lower levels of intermediary retail AuM, mutual fund outflows, and other factors including competition.

The movements in individual theme margins are consistent with the overall Group picture, with lower intermediary retail AuM influencing local currency and corporate debt, and large mandate flows primarily having an impact in the external debt, local currency and equities themes.

Fee income and net management fee margin by investment theme

The table below summarises the net management fee income after distribution costs, performance fee income, and average net management fee margin by investment theme, determined by reference to weighted average assets under management excluding non-fee earning AuM and AuM for which the income is recognised elsewhere in the financial statements, for example associates and joint ventures.

	Net management fees		Performance fees		Net management fee margin	
Investment theme	**H1 2021/22 £m**	H1 2020/21 £m	**H1 2021/22 £m**	H1 2020/21 £m	**H1 2021/22 bps**	H1 2020/21 bps
External debt	**25.2**	27.1	**1.5**	–	**36**	39
Local currency	**29.5**	30.9	**0.2**	–	**27**	30
Corporate debt	**14.7**	18.1	**–**	4.2	**38**	43
Blended debt	**38.7**	42.6	**1.4**	0.2	**47**	47
Equities	**16.8**	13.3	**–**	–	**59**	63
Alternatives	**6.1**	6.9	**–**	3.3	**134**	141
Total	**131.0**	138.9	**3.1**	7.7	**39**	42

Performance fees of £3.1 million (H1 2020/21: £7.7 million) were realised in the six months, and delivered by a range of funds in the external debt, local currency and blended debt investment themes. The proportion of the Group's AuM that is eligible to earn performance fees was unchanged at 31 December 2021 at 13%. The Group continues to expect its diverse sources of net management fee income to generate the substantial majority of its net revenues.

Translation of the Group's non-Sterling assets and liabilities, excluding seed capital, resulted in an unrealised foreign exchange gain of £0.3 million (H1 2020/21: £6.1 million loss) reflecting a lower GBP:USD dollar rate at the period end. The Group's effective hedging programme and the active management of foreign currency exposures during the period meant that realised and unrealised hedging gains of £2.7 million were generated (H1 2020/21: £8.7 million gain). Therefore, a total foreign exchange gain of £3.0 million was recognised in revenues, similar to the level in the prior year period (H1 2020/21: £2.6 million gain).

Other revenue of £1.4 million was comparable to the prior year period (H1 2020/21: £1.5 million).

Operating costs

Total operating costs of £48.6 million (H1 2020/21: £50.8 million) include £0.7 million of expenses incurred by seeded funds that are required to be consolidated (H1 2020/21: £0.8 million), as disclosed in note 15. On an adjusted basis, taking into account the impact of seed capital and the variable compensation accrual on foreign exchange translation losses, operating costs were reduced by 7% compared with the prior year period. Adjusted operating costs fell by 6% at constant H1 2020/21 exchange rates.

Operating costs

	H1 2021/22 £m	H1 2020/21 £m
Staff costs	**(13.7)**	(13.6)
Other operating costs	**(9.8)**	(9.6)
Depreciation and amortisation	**(1.6)**	(1.6)
Operating costs before VC	**(25.1)**	(24.8)
Variable compensation (VC)	**(22.8)**	(25.2)
VC accrual on FX gains/losses	**0.1**	(1.2)
Adjusted operating costs	**(47.8)**	**(51.2)**
Consolidated funds costs	**(0.7)**	(0.8)
Add back VC on FX gains/losses	**(0.1)**	1.2
Total operating costs	**(48.6)**	**(50.8)**

Staff costs of £13.7 million were comparable to the prior year period, reflecting little change in either the Group's headcount over the six-month period (306 compared with 310 at 30 June 2021) or the average headcount compared with the same period a year ago (309 versus 308).

Other operating costs, excluding consolidated fund expenses and depreciation and amortisation, increased by 2% to £9.8 million. For much of the period, many of the Group's offices continued to operate under government advice to work remotely, resulting in temporary cost savings. These were offset by an accrual for charitable donations of £0.5 million, as explained in the 2021 Annual Report.

Variable compensation has been accrued at 20% of earnings before variable compensation, interest and tax, resulting in a charge of £22.8 million (H1 2020/21: £25.2 million).

The combined depreciation and amortisation charges for the period were the same as in the prior year period at £1.6 million.

Adjusted EBITDA

Adjusted EBITDA fell by 14% from £107.2 million to £92.0 million, broadly consistent with the 12% decline in adjusted net revenue and resulting in an adjusted EBITDA margin of 67%.

Finance income
Net finance expense of £1.9 million (H1 2020/21: £20.4 million income) includes profits relating to seed capital investments, which are described in more detail below. Excluding such profits, net interest income for the period of £0.2 million was at a similar level to the prior year period (H1 2020/21: £0.5 million).

Profit before tax
Statutory profit before tax was 23% lower at £116.0 million (H1 2020/21: £150.6 million) as a consequence of the decline in adjusted EBITDA and lower mark-to-market gains on the Group's seed capital investments.

Taxation
The majority of the Group's profit is subject to UK taxation. Of the total current tax charge for the six-month period of £20.0 million (H1 2020/21: £18.7 million), £12.6 million relates to UK corporation tax (H1 2020/21: £7.9 million).

The impact of the Group's share price on the allowable value of share-based remuneration provided to employees, non-deductible unrealised seed capital losses and the geographic mix of the Group's profits in the period mean that the effective tax rate of 17.8% (H1 2020/21: 14.7%) is lower than the prevailing UK corporation tax rate of 19.0% (H1 2020/21: 19.0%). Note 9 to the interim condensed financial statements provides a full reconciliation of this difference compared with the UK corporation tax rate.

The Group's ongoing effective tax rate, based on its current geographic mix of profits and prevailing tax rates, is expected to approximately 17%.

Earnings per share
Basic earnings per share for the period fell by 27% to 14.2 pence (H1 2020/21: 19.4 pence) and diluted earnings per share also declined by 27% from 18.2 pence to 13.3 pence.

On an adjusted basis, excluding the effects of foreign exchange translation, seed capital-related items and relevant tax, diluted earnings per share were 19% lower at 10.4 pence (H1 2020/21: 12.8 pence).

Balance sheet
Ashmore's consistent approach is to maintain a strong and liquid balance sheet through market cycles, enabling it to support the commercial demands of current and prospective investors, and to take advantage of strategic development opportunities across the business.

As at 31 December 2021, total equity attributable to shareholders of the parent was £919.1 million (31 December 2020: £824.8 million; 30 June 2021: £911.6 million). Capital resources available to the Group totalled £823.3 million as at 31 December 2021, equivalent to 94 pence per share, and significantly exceeded the Group's Pillar II regulatory capital requirement of £155.9 million, equivalent to 22 pence per share. The Group has no debt.

Cash
Ashmore's business model continues to deliver a high conversion rate of operating profits to cash. Based on operating profit of £117.9 million for the period (H1 2020/21: £130.1 million), the Group generated £82.8 million of cash from operations (H1 2020/21: £88.9 million). The operating cash flows after excluding consolidated funds represent 92% of the adjusted EBITDA for the period of £92.0 million (H1 2020/21: 83%).

Cash and cash equivalents by currency

	31 December 2021 £m	30 June 2021 £m
Sterling	**138.0**	76.0
US dollar	**293.4**	351.5
Other	**21.9**	28.6
Total	**453.3**	456.1

Excluding cash held in consolidated funds, the Group's cash and cash equivalents were broadly flat compared with the prior year end at £444.4 million (30 June 2021: £445.7 million).

Seed capital investments
The Group's seed capital programme has delivered growth in third-party AuM with approximately US$9 billion of AuM in funds that have been seeded, representing 10% of total Group AuM.

During the six-month period, the Group made new investments of £6.1 million and realised £40.1 million from previous investments. The consequent net recycling of £34.0 million was matched by the strong investment return on the portfolio of £32.0 million, meaning that the market value of the Group's seed capital investments was broadly unchanged at £334.8 million at 31 December 2021 (30 June 2021: £336.8 million).

New subscriptions in the period were focused on developing the fund ranges in the Group's local asset management platforms. Approximately half of the redeemed capital was to match client flows into equity funds, reflecting the strategies' strong relative performance and increasing market access. The remainder primarily relates to distributions made by funds in the alternatives theme following successful investment realisations.

There was a negative mark-to-market impact from movements in liquid fixed income and equity markets, which was more than offset by upward revaluations of private equity assets held by alternatives funds, demonstrating the benefits of a diversified range of seed capital investments.

Ashmore has also made seed capital commitments to funds of £8.5 million that were undrawn at the period end, giving a total value for the Group's seed capital programme of approximately £345 million.

As at 31 December 2021, the original cost of the Group's current seed capital investments was £238.0 million, representing 28% of Group net tangible equity. Approximately 60% 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.

Seed capital market value by currency

	31 December 2021 £m	30 June 2021 £m
US dollar	**291.2**	297.6
Colombian peso	**15.6**	16.2
Other	**28.0**	23.0
Total market value	**334.8**	336.8

The table below summarises the principal IFRS line items to assist in the understanding of the financial impact of the Group's seed capital programme. The seed capital investments generated a total gain of £25.2 million (H1 2020/21: £49.3 million gain). This comprises a £30.0 million gain in respect of consolidated funds, including £2.7 million of finance income, and a £4.8 million loss in respect of unconsolidated funds that is reported in finance income.

Successful redemptions resulted in realised gains of £2.2 million in the period. Over the life of these seed capital investments, the Group has delivered cumulative realised gains of £17.0 million.

Foreign exchange

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

Movements in the GBP:USD and other exchange rates over the period reduced net management fees by 4%, reduced adjusted operating costs by 1%, and resulted in translation gains in net revenue of £0.3 million on the Group's foreign currency assets and liabilities and a £0.9 million mark-to-market loss on the Group's unconsolidated seed capital investments.

Included in OCI is a foreign exchange gain of £12.8 million (H1 2020/21: £68.2 million loss) reflecting a gain of £6.8 million relating to the Group's consolidated seed capital investments, and a gain of £6.0 million reflecting the translation of other non-Sterling assets and liabilities.

Financial impact of seed capital investments

	H1 2021/22 £m	H1 2020/21 £m
Consolidated funds (note 15):		
Gains/(losses) on investment securities	**51.0**	55.9
Change in third-party interests in consolidated funds	**(23.0)**	(25.7)
Operating costs	**(0.7)**	(0.8)
Finance income	**2.7**	1.5
Sub-total: consolidated funds	**30.0**	30.9
Unconsolidated funds (note 7):		
Market return	**(3.9)**	20.8
Foreign exchange	**(0.9)**	(2.4)
Sub-total: unconsolidated funds	**(4.8)**	18.4
Total seed capital profit/(loss)	**25.2**	49.3
– realised	**2.2**	3.3
– unrealised	**23.0**	46.0

Goodwill and intangible assets

At 31 December 2021, goodwill and intangible assets on the Group's balance sheet totalled £82.0 million (30 June 2021: £80.5 million). The movement in the period is the result of a foreign exchange revaluation gain in reserves of £1.5 million (H1 2020/21: £8.2 million loss).

Shares held by Employee Benefit Trust (EBT)

The Group's EBT purchases and holds shares in anticipation of the vesting of share awards. At 31 December 2021, the EBT owned 52,749,597 ordinary shares (30 June 2021: 52,345,869 ordinary shares), representing 7.4% of the Group's issued share capital (30 June 2021: 7.3%).

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.

Accordingly, and notwithstanding the lower statutory profits reported in this period, the Board has declared an interim dividend of 4.80 pence per share (H1 2020/21: 4.80 pence per share), which will be paid on 30 March 2022 to all shareholders on the register on 4 March 2022.

Mark Coombs
Chief Executive Officer

9 February 2022

Risk management

A detailed description of the Group's risk management function and internal control framework, which provides an ongoing process for identifying, evaluating and managing the Group's emerging and principal risks, was included in the 2021 Annual Report and Accounts, together with a list of principal risks and examples of associated controls and mitigants. This disclosure covered strategy and business, client, treasury, investment and operational risks. There have been no material changes to the principal risks and associated controls and mitigants during the six-month period.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2021

	Notes	**Unaudited 6 months to 31 December 2021 £m**	Unaudited 6 months to 31 December 2020 £m	Audited 12 months to 30 June 2021 £m
Management fees		**133.0**	142.0	276.4
Performance fees		**3.1**	7.7	11.9
Other revenue		**1.4**	1.5	4.6
Total revenue	5	**137.5**	151.2	292.9
Distribution costs		**(2.0)**	(3.1)	(5.5)
Foreign exchange	6	**3.0**	2.6	4.3
Net revenue		**138.5**	150.7	291.7
Gains on investment securities	15	**51.0**	55.9	123.5
Change in third-party interests in consolidated funds	15	**(23.0)**	(25.7)	(52.6)
Personnel expenses		**(36.5)**	(38.8)	(80.3)
Other expenses		**(12.1)**	(12.0)	(24.0)
Operating profit		**117.9**	130.1	258.3
Finance income/(expense)	7	**(1.9)**	20.4	23.9
Share of profit/(loss) from associates		**–**	0.1	0.3
Profit before tax		**116.0**	150.6	282.5
Tax expense	9	**(20.6)**	(22.1)	(40.7)
Profit for the period		**95.4**	128.5	241.8
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		**12.8**	(68.2)	(74.9)
Cash flow hedge intrinsic value gains/(losses)		**(1.0)**	1.7	1.2
Other comprehensive income/(loss), net of related tax effect		**11.8**	(66.5)	(73.7)
Total comprehensive income for the period		**107.2**	62.0	168.1
Profit attributable to:				
Equity holders of the parent		**93.7**	127.7	240.1
Non-controlling interests		**1.7**	0.8	1.7
Profit for the period		**95.4**	128.5	241.8
Total comprehensive income attributable to:				
Equity holders of the parent		**105.3**	61.9	167.5
Non-controlling interests		**1.9**	0.1	0.6
Total comprehensive income for the period		**107.2**	62.0	168.1
Earnings per share				
Basic	10	**14.17p**	19.40p	36.40p
Diluted	10	**13.31p**	18.22p	34.23p

The notes on pages 18 to 31 form an integral part of these financial statements.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Notes	**Unaudited 31 December 2021 £m**	Unaudited 31 December 2020 £m	Audited 30 June 2021 £m
Assets				
Non-current assets				
Goodwill and intangible assets	12	**82.0**	81.4	80.5
Property, plant and equipment	13	**10.1**	11.1	11.2
Investment in associates		**0.8**	3.2	0.9
Non-current financial assets measured at fair value	15	**33.5**	29.0	34.0
Deferred acquisition costs		**0.5**	0.6	0.5
Deferred tax assets		**31.7**	29.8	34.8
		158.6	155.1	161.9
Current assets				
Investment securities	15	**359.0**	242.8	318.1
Financial assets measured at fair value	15	**32.0**	22.5	41.0
Trade and other receivables		**75.2**	78.0	83.4
Derivative financial instruments		**–**	3.1	1.3
Cash and cash equivalents		**453.3**	448.7	456.1
		919.5	795.1	899.9
Financial assets held for sale	15	**20.9**	46.3	46.2
Total assets		**1,099.0**	996.5	1,108.0
Equity and liabilities				
Capital and reserves – attributable to equity holders of the parent				
Issued capital	17	**0.1**	0.1	0.1
Share premium		**15.6**	15.6	15.6
Retained earnings		**936.9**	847.4	941.0
Foreign exchange reserve		**(33.6)**	(39.9)	(46.2)
Cash flow hedging reserve		**0.1**	1.6	1.1
		919.1	824.8	911.6
Non-controlling interests		**21.3**	21.3	21.1
Total equity		**940.4**	846.1	932.7
Liabilities				
Non-current liabilities				
Lease liabilities	13	**6.7**	6.9	7.3
Deferred tax liabilities		**8.2**	8.7	10.5
		14.9	15.6	17.8
Current liabilities				
Derivative financial instruments		**0.3**	–	–
Lease liabilities	13	**2.1**	2.5	2.5
Third-party interests in consolidated funds	15	**117.3**	89.4	105.7
Trade and other payables		**24.0**	38.6	45.5
		143.7	130.5	153.7
Financial liabilities held for sale	15	**–**	4.3	3.8
Total liabilities		**158.6**	150.4	175.3
Total equity and liabilities		**1,099.0**	996.5	1,108.0

The notes on pages 18 to 31 form an integral part of these financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 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
Audited balance at 1 July 2020	0.1	15.6	813.2	27.6	(0.1)	856.4	22.6	879.0
Profit for the period	–	–	127.7	–	–	127.7	0.8	128.5
Other comprehensive income/(loss):								
Foreign currency translation differences arising on foreign operations	–	–	–	(67.5)	–	(67.5)	(0.7)	(68.2)
Cash flow hedge intrinsic value gains	–	–	–	–	1.7	1.7	–	1.7
Total comprehensive income/(loss)	–	–	127.7	(67.5)	1.7	61.9	0.1	62.0
Transactions with owners:								
Purchase of own shares	–	–	(23.3)	–	–	(23.3)	–	(23.3)
Share-based payments	–	–	14.5	–	–	14.5	–	14.5
Dividends to equity holders	–	–	(84.7)	–	–	(84.7)	–	(84.7)
Increase in non-controlling interests	–	–	–	–	–	–	0.5	0.5
Dividends to non-controlling interests	–	–	–	–	–	–	(1.9)	(1.9)
Total contributions and distributions	–	–	(93.5)	–	–	(93.5)	(1.4)	(94.9)
Unaudited balance at 31 December 2020	0.1	15.6	847.4	(39.9)	1.6	824.8	21.3	846.1
Profit for the period	–	–	112.4	–	–	112.4	0.9	113.3
Other comprehensive income/(loss):								
Foreign currency translation differences arising on foreign operations	–	–	–	(6.3)	–	(6.3)	(0.4)	(6.7)
Cash flow hedge intrinsic value losses	–	–	–	–	(0.5)	(0.5)	–	(0.5)
Total comprehensive income/(loss)	–	–	112.4	(6.3)	(0.5)	105.6	0.5	106.1
Transactions with owners:								
Purchase of own shares	–	–	–	–	–	–	–	–
Share-based payments	–	–	14.8	–	–	14.8	–	14.8
Dividends to equity holders	–	–	(33.6)	–	–	(33.6)	–	(33.6)
Increase in non-controlling interests	–	–	–	–	–	–	0.3	0.3
Dividends to non-controlling interests	–	–	–	–	–	–	(1.0)	(1.0)
Total contributions and distributions	–	–	(18.8)	–	–	(18.8)	(0.7)	(19.5)
Audited balance at 30 June 2021	0.1	15.6	941.0	(46.2)	1.1	911.6	21.1	932.7
Profit for the period	**–**	**–**	**93.7**	**–**	**–**	**93.7**	**1.7**	**95.4**
Other comprehensive income/(loss):								
Foreign currency translation differences arising on foreign operations	**–**	**–**	**–**	**12.6**	**–**	**12.6**	**0.2**	**12.8**
Cash flow hedge intrinsic value gains	**–**	**–**	**–**	**–**	**(1.0)**	**(1.0)**	**–**	**(1.0)**
Total comprehensive income/(loss)	**–**	**–**	**93.7**	**12.6**	**(1.0)**	**105.3**	**1.9**	**107.2**
Transactions with owners:								
Purchase of own shares	**–**	**–**	**(25.8)**	**–**	**–**	**(25.8)**	**–**	**(25.8)**
Share-based payments	**–**	**–**	**13.0**	**–**	**–**	**13.0**	**–**	**13.0**
Dividends to equity holders	**–**	**–**	**(85.0)**	**–**	**–**	**(85.0)**	**–**	**(85.0)**
Increase in non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**0.1**	**0.1**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(1.8)**	**(1.8)**
Total contributions and distributions	**–**	**–**	**(97.8)**	**–**	**–**	**(97.8)**	**(1.7)**	**(99.5)**
Unaudited balance at 31 December 2021	**0.1**	**15.6**	**936.9**	**(33.6)**	**0.1**	**919.1**	**21.3**	**940.4**

The notes on pages 18 to 31 form an integral part of these financial statements.

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2021

	Unaudited 6 months to 31 December 2021 £m	Unaudited 6 months to 31 December 2020 £m	Audited 12 months to 30 June 2021 £m
Operating activities			
Profit after tax	**95.4**	128.5	241.8
Adjustments for non-cash items:			
Depreciation and amortisation	**1.6**	1.6	2.8
Accrual for variable compensation	**13.3**	14.5	33.4
Foreign exchange gains	**(3.0)**	(2.6)	(4.3)
Net gains on investment securities	**(28.0)**	(30.2)	(70.9)
Finance (income)/expense	**1.9**	(20.4)	(23.9)
Tax expense	**20.6**	22.1	40.7
Other non-cash items	**–**	(0.1)	(0.3)
Cash generated from operations before working capital changes	**101.8**	113.4	219.3
Changes in working capital:			
Decrease/(increase) in trade and other receivables	**0.9**	(7.6)	2.4
Decrease/(increase) in derivative financial instruments	**1.6**	(4.8)	(3.0)
Increase/(decrease) in trade and other payables	**(21.5)**	(12.1)	(5.2)
Cash generated from operations	**82.8**	88.9	213.5
Taxes paid	**(13.0)**	(24.0)	(64.3)
Net cash from operating activities	**69.8**	64.9	149.2
Investing activities			
Interest and investment income received	**4.1**	1.6	3.2
Acquisition of associates	**–**	(2.6)	–
Purchase of non-current financial assets measured at fair value	**(0.6)**	(0.9)	(8.1)
Purchase of financial assets held for sale	**–**	(25.4)	(42.2)
Purchase of financial assets measured at fair value	**(5.5)**	(6.4)	(14.4)
Sale/(purchase) of investment securities	**20.6**	37.6	(33.3)
Sale of non-current financial assets measured at fair value	**1.1**	2.4	2.6
Sale of financial assets held for sale	**0.1**	7.2	7.2
Sale of financial assets measured at fair value	**23.8**	20.6	58.4
Net cash on initial consolidation of seed capital investments	**0.5**	(4.3)	(5.2)
Purchase of property, plant and equipment	**(0.3)**	(0.5)	(0.7)
Net cash generated/(used) in investing activities	**43.8**	29.3	(32.5)

	Unaudited 6 months to 31 December 2021 £m	Unaudited 6 months to 31 December 2020 £m	Audited 12 months to 30 June 2021 £m
Financing activities			
Dividends paid to equity holders	**(85.0)**	(84.7)	(118.3)
Dividends paid to non-controlling interests	**(1.8)**	(1.9)	(2.9)
Third-party subscriptions into consolidated funds	**2.2**	30.4	54.9
Third-party redemptions from consolidated funds	**(1.1)**	(2.5)	(0.6)
Distributions paid by consolidated funds	**(10.7)**	(26.1)	(28.8)
Contribution by non-controlling interests	**0.1**	0.5	0.5
Payment of lease liabilities (note 13)	**(1.0)**	(1.0)	(2.1)
Interest paid (note 13)	**(0.2)**	(0.2)	(0.4)
Purchase of own shares	**(25.8)**	(23.3)	(23.3)
Net cash used in financing activities	**(123.3)**	(108.8)	(121.0)
Net increase/(decrease) in cash and cash equivalents	**(9.7)**	(14.6)	(4.3)
Cash and cash equivalents at beginning of period	**456.1**	500.9	500.9
Effect of exchange rate changes on cash and cash equivalents	**6.9**	(37.6)	(40.5)
Cash and cash equivalents at end of period	**453.3**	448.7	456.1
Cash and cash equivalents comprise:			
Cash at bank and in hand	**47.7**	97.9	51.4
Daily dealing liquidity funds	**272.3**	282.3	333.5
Deposits	**133.3**	68.5	71.2
	453.3	448.7	456.1

The notes on pages 18 to 31 form an integral part of these financial statements.

1) General information

These interim condensed consolidated financial statements of Ashmore Group plc and its subsidiaries (the Group) for the six months ended 31 December 2021 were authorised for issue by the Directors on 9 February 2022.

Ashmore Group plc is listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom.

2) Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules (the DTR) of the UK's Financial Conduct Authority (the UK FCA).

The interim condensed consolidated set of financial statements has been prepared by applying the accounting policies and presentation that were applied in the preparation of the Group's published consolidated financial statements for the year ended 30 June 2021, which were 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, which are materially the same as UK-adopted international accounting standards. The annual financial statements of the Group for the year ended 30 June 2022 will be prepared in accordance with UK-adopted international accounting standards.

These interim condensed consolidated financial statements and accompanying notes are unaudited, do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 and do not include all the information and disclosures required in annual statutory financial statements. They should be read in conjunction with the Group's Annual Report and Accounts for the year ended 30 June 2021 which are available on the Group's website. Those statutory accounts were approved by the Board of Directors on 2 September 2021 and have been filed with Companies House. The report of the auditors on those accounts was unqualified.

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 the release of these results. The interim financial statements have therefore been prepared on a going concern basis.

3) New accounting standards and interpretations

The following amendments to IFRS standards and interpretations were effective for the first time in the six months to 31 December 2021. Their adoption has not had a material impact on these interim financial statements:

- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

No other standards or interpretations issued and not yet effective are expected to have an impact on the Group's consolidated financial statements.

4) 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 £92.0 million for the period as reconciled on page 2 (H1 2020/21: adjusted EBITDA of £107.2 million was derived by adjusting operating profit by £1.6 million of depreciation and amortisation expense, £29.4 million income related to seed capital and £4.9 million of foreign exchange gains). The additional disclosures below provide the location of the Group's non-current assets at year end other than financial instruments and deferred tax assets. Disclosures relating to revenue by location are provided in note 5 below.

Analysis of non-current assets by geography

	As at 31 December 2021 £m	As at 31 December 2020 £m	As at 30 June 2021 £m
United Kingdom and Ireland	**24.4**	24.7	24.8
United States	**66.1**	65.5	65.1
Other	**2.9**	6.1	3.2
Total non-current assets	**93.4**	96.3	93.1

5) Revenue

Management fees are accrued throughout the period in line with prevailing levels of assets under management and performance fees are recognised when the specific assessment criteria have been met and it is highly probable that a significant income reversal will not subsequently occur. The Group is not considered to be reliant on any single source of revenue. None of the Group's funds provided more than 10.0% of total revenue in the period (H1 2020/21: none; FY2020/21: none) when considering management fees and performance fees on a combined basis.

Analysis of revenue by geography

	6 months to 31 December 2021 £m	6 months to 31 December 2020 £m	12 months to 30 June 2021 £m
United Kingdom and Ireland	**106.1**	120.0	229.9
United States	**12.3**	13.1	26.8
Other	**19.1**	18.1	36.2
Total revenue	**137.5**	151.2	292.9

6) 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 31 December 2021**	Closing rate as at 31 December 2020	Closing rate as at 30 June 2021	**Average rate 6 months ended 31 December 2021**	Average rate 6 months ended 31 December 2020	Average rate 12 months ended 30 June 2021
US dollar	**1.3545**	1.3670	1.3815	**1.3636**	1.3107	1.3472
Euro	**1.1910**	1.1172	1.1649	**1.1739**	1.1108	1.1315
Indonesian rupiah	**19,304**	19,206	20,031	**19,534**	18,931	19,389
Colombian peso	**5,513**	4,676	5,158	**5,267**	4,852	4,968

Foreign exchange gains and losses are shown below.

	6 months to 31 December 2021 £m	6 months to 31 December 2020 £m	12 months to 30 June 2021 £m
Net realised and unrealised hedging gains	**2.7**	8.7	9.2
Translation gains/(losses) on non-Sterling denominated monetary assets and liabilities	**0.3**	(6.1)	(4.9)
Total foreign exchange gains	**3.0**	2.6	4.3

7) Finance income

	6 months to 31 December 2021 £m	6 months to 31 December 2020 £m	12 months to 30 June 2021 £m
Interest and investment income	**3.1**	2.2	4.3
Net realised gains on seed capital investments measured at fair value	**2.2**	3.3	8.5
Net unrealised gains/(losses) on seed capital investments measured at fair value	**(7.0)**	15.1	11.5
Interest expense on lease liabilities (note 13)	**(0.2)**	(0.2)	(0.4)
Net finance income/(expense)	**(1.9)**	20.4	23.9

Included within net realised and unrealised gains and losses on seed capital investments measured at fair value are £1.1 million losses in relation to held for sale investments (note 15a), £4.2 million losses on financial assets measured at FVTPL (note 15b) and £0.5 million gains on non-current financial assets measured at fair value (note 15c).

Included within interest and investment income are gains of £2.7 million from investment securities on consolidated funds (note 15d).

8) Share-based payments

The cost related to share-based payments recognised by the Group in the condensed consolidated statement of comprehensive income is shown below:

	6 months to 31 December 2021 £m	6 months to 31 December 2020 £m	12 months to 30 June 2021 £m
Omnibus Plan	**14.3**	16.3	33.3
Phantom Bonus Plan	**0.1**	0.1	0.1
Total share-based payments expense	**14.4**	16.4	33.4

The total expense recognised for the period in respect of equity-settled share-based payment awards was £13.3 million (H1 2020/21: £14.5 million; FY2020/21: £29.9 million).

The Executive Omnibus Incentive Plan (Omnibus Plan)

Share awards outstanding under the Omnibus Plan were as follows:

	6 months to 31 December 2021 Number of shares subject to awards	6 months to 31 December 2020 Number of shares subject to awards	12 months to 30 June 2021 Number of shares subject to awards
Equity-settled awards			
At the beginning of the period	**41,302,176**	43,516,936	43,516,936
Granted	**8,940,670**	8,667,215	8,728,902
Vested	**(6,968,188)**	(10,433,669)	(10,517,931)
Forfeited	**(60,398)**	(414,822)	(425,731)
Outstanding at the end of the period	**43,214,260**	41,335,660	41,302,176
Cash-settled awards			
At the beginning of the period	**283,769**	315,185	315,185
Granted	**38,293**	778	778
Vested	**(50,760)**	(32,194)	(32,194)
Forfeited	**–**	–	–
Outstanding at the end of the period	**271,302**	283,769	283,769
Total awards			
At the beginning of the period	**41,585,945**	43,832,121	43,832,121
Granted	**8,978,963**	8,667,993	8,729,680
Vested	**(7,018,948)**	(10,465,863)	(10,550,125)
Forfeited	**(60,398)**	(414,822)	(425,731)
Outstanding at the end of the period	**43,485,562**	41,619,429	41,585,945

The weighted average share price of awards granted to employees under the Omnibus Plan during the period was £3.74 (H1 2020/21: £3.62; FY2020/21: £3.62), as determined by reference to the average Ashmore Group plc closing share price for the five business days prior to grant.

The liability arising from cash-settled awards under the Omnibus Plan at the end of the period and reported within trade and other payables in the interim condensed consolidated balance sheet is £1.2 million (H1 2020/21: £0.8 million; FY2020/21: £0.8 million) of which £nil relates to vested awards.

9) Taxation

Analysis of tax charge for the period

	6 months to 31 December 2021 £m	6 months to 31 December 2020 £m	12 months to 30 June 2021 £m
Current tax			
UK corporation tax on profits for the period	**12.6**	7.9	24.4
Overseas corporation tax charge	**7.3**	10.8	17.3
Adjustments in respect of prior periods	**0.1**	–	(0.4)
	20.0	18.7	41.3
Deferred tax			
Origination and reversal of temporary differences	**0.6**	3.4	1.8
Effect on deferred tax balance of changes in corporation tax rates	**–**	–	(2.4)
Tax expense for the period	**20.6**	22.1	40.7

Factors affecting tax charge for the period

	6 months to 31 December 2021 £m	6 months to 31 December 2020 £m	12 months to 30 June 2021 £m
Profit before tax	**116.0**	150.6	282.5
Profit on ordinary activities multiplied by the prevailing UK tax rate for the financial year of 19.0% (H1 2020/21: 19.0%; FY2020/21: 19.0%)	**22.0**	28.6	53.7
Effects of:			
Non-deductible expenses	**0.2**	0.2	0.3
Deduction in respect of vested shares (Part 12, Corporation Tax Act 2009)	**0.2**	(2.3)	(3.4)
Different rate of taxes on overseas profits	**(1.8)**	(1.1)	(3.8)
Non-taxable income	–	(3.0)	(4.1)
Effect on deferred tax balances from changes in corporation tax rates	–	–	(2.4)
Derecognition of historical deferred tax assets	**–**	–	0.4
Other items	**–**	(0.3)	–
Tax expense for the period	**20.6**	22.1	40.7

10) Earnings per share

Basic earnings per share for the six months to 31 December 2021 of 14.17 pence (H1 2020/21: 19.40 pence; FY2020/21: 36.40 pence) is calculated by dividing the profit after tax for the financial period attributable to equity holders of the parent of £93.7 million (H1 2020/21: £127.7 million; FY2020/21: £240.1 million) by the weighted average number of ordinary shares in issue during the period, 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.

	6 months to 31 December 2021 Number of ordinary shares	6 months to 31 December 2020 Number of ordinary shares	12 months to 30 June 2021 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**660,910,543**	658,339,545	659,341,111
Effect of dilutive potential ordinary shares – share awards	**42,551,687**	42,551,290	41,926,476
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**703,462,230**	700,890,835	701,267,587

11) Dividends

Dividends paid

	6 months to 31 December 2021 £m	6 months to 31 December 2020 £m	12 months to 30 June 2021 £m
Final dividend for FY2020/21: 12.10p (FY2019/20: 12.10p)	**85.0**	84.7	84.7
Interim dividend for FY2020/21: 4.80p	**–**	–	33.6
	85.0	84.7	118.3

In addition, the Group paid £1.8 million (H1 2020/21: £1.9 million; FY2020/21: £2.9 million) in dividends to non-controlling interests.

Dividends declared/proposed

Company	**6 months to 31 December 2021 pence**	6 months to 31 December 2020 pence	12 months to 30 June 2021 pence
Interim dividend declared per share	**4.80**	4.80	4.80
Final dividend proposed per share	**–**	–	12.10
	4.80	4.80	16.90

The Board has approved an interim dividend for the six months to 31 December 2021 of 4.80 pence per share payable on 30 March 2022 to shareholders on the register on 4 March 2022.

12) Goodwill and intangible assets

	Goodwill £m	Fund management intangible assets £m	Total £m
Cost (at original exchange rate)			
At 31 December 2021, 31 December 2020 and 30 June 2021	**70.4**	**0.9**	**71.3**
Accumulated amortisation and impairment			
At 30 June 2020	–	(0.3)	(0.3)
Amortisation charge for the period	–	(0.1)	(0.1)
At 31 December 2020	–	(0.4)	(0.4)
Amortisation charge for the period	–	(0.1)	(0.1)
At 30 June 2021	–	(0.5)	(0.5)
Amortisation charge for the period	**–**	**–**	**–**
At 31 December 2021	**–**	**(0.5)**	**(0.5)**
Net book value			
At 30 June 2020	89.1	0.6	89.7
Accumulated amortisation for the period	–	(0.1)	(0.1)
FX revaluation through reserves*	(8.2)	–	(8.2)
At 31 December 2020	80.9	0.5	81.4
Accumulated amortisation for the period	–	(0.1)	(0.1)
FX revaluation through reserves*	(0.8)	–	(0.8)
At 30 June 2021	80.1	0.4	80.5
Accumulated amortisation for the period	**–**	**–**	**–**
FX revaluation through reserves*	**1.5**	**–**	**1.5**
At 31 December 2021	**81.6**	**0.4**	**82.0**

* FX revaluation through reserves is a result of the retranslation of US dollar-denominated intangibles and goodwill.

Goodwill

The Group's goodwill balance relates to the acquisition of subsidiaries.

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.

During the period to 31 December 2021, no factors indicating potential impairment of goodwill were noted. Based on the calculation as at 31 December 2021 using a market share price of £2.91, 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 periods.

Fund management contracts

Intangible assets comprise fund management contracts and contractually agreed share of carried interest recognised by the Group on business combinations. No factors were identified suggesting that fund management contracts intangible assets were impaired as at 31 December 2021. The remaining amortisation period for fund management contracts is three years.

13) Leases

The Group's property, plant and equipment include right-of-use assets recognised on office leases for which the Group is a lessee under operating lease arrangements. Information about leases is provided below.

	6 months to 31 December 2021 £m	6 months to 31 December 2020 £m	12 months to 30 June 2021 £m
Property, plant and equipment owned by the Group	**1.7**	2.0	1.8
Right-of-use assets	**8.4**	9.1	9.4
Net book value	**10.1**	11.1	11.2

Lease liabilities are presented in the condensed consolidated balance sheet as follows:

	31 December 2021 £m	31 December 2020 £m	30 June 2021 £m
Current	**2.1**	2.5	2.5
Non-current	**6.7**	6.9	7.3
Total lease liabilities	**8.8**	9.4	9.8

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

	Right-of-use assets £m	Lease liabilities £m
At 1 July 2020	9.9	10.2
Additions and remeasurement of lease obligations	0.5	0.5
Lease payments	–	(1.2)
Interest expense (recognised in finance expense)	–	0.2
Depreciation charge (recognised in other expenses)	(1.1)	–
FX revaluation through reserves	(0.2)	(0.3)
At 31 December 2020	9.1	9.4
Additions and remeasurement of lease obligations	1.7	1.7
Lease payments	–	(1.3)
Interest expense (recognised in finance expense)	–	0.2
Depreciation charge (recognised in other expenses)	(1.1)	–
FX revaluation through reserves	(0.3)	(0.2)
At 30 June 2021	9.4	9.8
Lease payments	**–**	**(1.2)**
Interest expense (recognised in finance expense)	**–**	**0.2**
Depreciation charge (recognised in other expenses)	**(1.1)**	**–**
FX revaluation through reserves	**0.1**	**–**
At 31 December 2021	**8.4**	**8.8**

Total cash outflow included within financing activities in the condensed consolidated cash flow statement in respect of principal and interest paid on lease liabilities during the period amounted to £1.2 million.

14) Fair value of financial instruments

The accounting policies relating to the estimation of fair values are consistent with those applied in the preparation of the Group's Annual Report and Accounts for the year ended 30 June 2021.

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 team 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 each reporting period.

The fair value hierarchy of financial instruments which are carried at fair value is summarised below:

	At 31 December 2021				At 31 December 2020				At 30 June 2021			
	Level 1 £m	**Level 2 £m**	**Level 3 £m**	**Total £m**	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets												
Investment securities	**266.4**	**71.2**	**21.4**	**359.0**	185.1	41.4	16.3	242.8	209.0	66.7	42.4	318.1
Financial assets held for sale	**–**	**20.9**	**–**	**20.9**	–	46.3	–	46.3	–	46.2	–	46.2
Financial assets at FVTPL	**–**	**32.0**	**–**	**32.0**	–	21.0	1.5	22.5	–	39.2	1.8	41.0
Derivative financial instruments	**–**	**–**	**–**	**–**	–	3.1	–	3.1	–	1.3	–	1.3
Non-current financial assets	**–**	**–**	**33.5**	**33.5**	–	0.1	28.9	29.0	–	–	34.0	34.0
Total financial assets	**266.4**	**124.1**	**54.9**	**445.4**	185.1	111.9	46.7	343.7	209.0	153.4	78.2	440.6
Financial liabilities												
Third-party interests in consolidated funds	**100.4**	**9.4**	**7.5**	**117.3**	81.2	2.1	6.1	89.4	73.7	15.1	16.9	105.7
Financial liabilities held for sale	**–**	**–**	**–**	**–**	–	4.3	–	4.3	–	3.8	–	3.8
Derivative financial instruments	**–**	**0.3**	**–**	**0.3**	–	–	–	–	–	–	–	–
Total financial liabilities	**100.4**	**9.7**	**7.5**	**117.6**	81.2	6.4	6.1	93.7	73.7	18.9	16.9	109.5

The Group recognises transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. Investments with a carrying value of £3.3 million were transferred out of level 3 into level 1 and level 2 as their value was determined based on observable prices as at 31 December 2021. There were no transfers between level 1 and level 2 of the fair value hierarchy during the period.

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 31 December 2021, 31 December 2020 and 30 June 2021.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period.

	Investment securities £m	Financial assets at FVTPL £m	Non-current financial assets £m	Third-party interests in consolidated funds £m
At 31 December 2020	16.3	1.5	28.9	6.1
Additions	13.9	–	7.2	6.9
Disposals	(3.0)	–	(0.1)	(1.3)
Unrealised gains/(losses) recognised in finance income	11.2	0.3	(0.3)	4.7
Unrealised gains/(losses) recognised in reserves	4.0	–	(1.7)	0.5
At 30 June 2021	42.4	1.8	34.0	16.9
Additions	**–**	**–**	**0.6**	**–**
Disposals	**(25.5)**	**–**	**(1.2)**	**(10.7)**
Transfers out	**(1.5)**	**(1.8)**	**–**	**–**
Unrealised gains/(losses) recognised in finance income	**5.8**	**–**	**0.5**	**1.3**
Unrealised gains/(losses) recognised in reserves	**0.2**	**–**	**(0.4)**	**–**
At 31 December 2021	**21.4**	**–**	**33.5**	**7.5**

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 in the estimation of fair values are consistent with those applied in the preparation of the Group's Annual Report and Accounts for the year ended 30 June 2021.

The following tables show the valuation techniques and the significant unobservable inputs used to estimate the fair value of level 3 investments as at 31 December 2021 and 30 June 2021, and the associated sensitivity to changes in unobservable inputs to a reasonable alternative:

Asset class and valuation technique	Fair value at 31 December 2021 £m	Significant unobservable input	Range of estimates	Sensitivity factor	Change in fair value £m
Unquoted securities					
Market multiple and discount	**5.9**	EBITDA multiple	15x	+/- 1x	+/- 0.4
		Marketability adjustment	30%	+/- 5%	-/+ 0.4
Discounted cash flow	**16.3**	Marketability adjustment	40%-60%	+/- 5%	-/+ 1.8
		Discount rate	10%-20%	+/- 5%	-/+ 3.7
Unquoted funds					
Net assets approach	**32.7**	Net asset value	1x	+/- 5%	+/- 1.6
Total level 3 investments	**54.9**				

Asset class and valuation technique	Fair value at 30 June 2021 £m	Significant unobservable input	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
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	Net asset value	1x	+/- 5%	+/- 1.9
Total level 3 investments	78.2				

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.

15) Seed capital investments

The Group considers itself a sponsor of an investment fund when it facilitates the establishment of the fund in which the Group is the investment manager. The Group ordinarily invests seed capital in order to provide initial scale and facilitate the marketing of funds to third-party investors. Aggregate interests held by the Group include seed capital, management fees and performance fees.

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. No such fund was seeded in this manner and met the above criteria during the period (H1 2020/21: three funds; FY2020/21: seven funds).

The non-current assets and liabilities held for sale at 31 December 2021 were as follows:

	31 December 2021 £m	31 December 2020 £m	30 June 2021 £m
Financial assets held for sale	**20.9**	46.3	46.2
Financial liabilities held for sale	**–**	(4.3)	(3.8)
Financial assets held for sale	**20.9**	42.0	42.4

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 measured at FVTPL. During the period, no fund (H1 2020/21: none; FY2020/21: none) was transferred to the FVTPL category.

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 period, three funds (H1 2020/21: three funds; FY2020/21: five funds) with an aggregate carrying amount of £21.2 million (H1 2020/21: £28.1 million; FY2020/21: £44.1 million) were transferred to consolidated funds. There was no impact on net assets or total comprehensive income as a result of the transfer.

Included within finance income are net losses of £1.1 million (H1 2020/21: net gains of £10.9 million; FY2020/21: net gains of £10.8 million) in relation to held for sale investments (refer to note 7).

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

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

Financial assets measured at FVTPL at 31 December 2021 comprise shares held in debt and equity funds as follows:

	31 December 2021 £m	31 December 2020 £m	30 June 2021 £m
Equity funds	**12.9**	13.8	33.7
Debt funds	**19.1**	8.7	7.3
Financial assets measured at fair value	**32.0**	22.5	41.0

Included within finance income are net losses of £4.2 million (H1 2020/21: net gains of £3.8 million; FY2020/21: net gains of £8.2 million) on the Group's financial assets measured at FVTPL.

c) Non-current financial assets measured at fair value

Non-current financial assets relate to the Group's investments in closed-end funds and are designated as 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.

	31 December 2021 £m	31 December 2020 £m	30 June 2021 £m
Real estate funds	**1.6**	2.4	1.8
Infrastructure funds	**19.2**	17.4	20.2
Other funds	**10.1**	9.2	9.4
Non-current financial assets measured at fair value[1]	**30.9**	29.0	31.4

1. Excludes £2.6 million of other non-current financial assets measured at fair value that are not classified as seed capital (31 December 2020: £nil; 30 June 2021: £2.6 million).

Included within finance income are net gains of £0.5 million (H1 2020/21: net gains of £3.2 million; FY2020/21: net gains of £2.2 million) on the Group's non-current financial assets measured at fair value.

d) Consolidated funds

The Group has consolidated 15 investment funds as at 31 December 2021 (31 December 2020: 13 investment funds; 30 June 2021: 14 investment funds), over which the Group is deemed to have control. 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.

	31 December 2021 £m	31 December 2020 £m	30 June 2021 £m
Investment securities[1]	**359.0**	242.8	318.1
Cash and cash equivalents	**8.9**	7.7	10.4
Other[2]	**0.3**	–	(0.8)
Third-party interests in consolidated funds	**(117.3)**	(89.4)	(105.7)
Consolidated seed capital investments	**250.9**	161.1	222.0

1. Investment securities represent trading securities held by consolidated investment funds and are measured at FVTPL. 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 fund financially.

Included within the interim condensed consolidated statement of comprehensive income are net gains of £30.0 million (H1 2020/21: net gains of £30.9 million; FY2020/21: net gains of £72.5 million) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds, as follows:

	31 December 2021 £m	31 December 2020 £m	30 June 2021 £m
Investment income	**2.7**	1.5	3.3
Gains on investment securities	**51.0**	55.9	123.5
Change in third-party interests in consolidated funds	**(23.0)**	(25.7)	(52.6)
Other expenses	**(0.7)**	(0.8)	(1.7)
Net gains on consolidated funds	**30.0**	30.9	72.5

Included in the Group's cash generated from operations is £2.0 million cash utilised in operations (H1 2020/21: £0.3 million cash utilised in operations; FY2020/21: £0.4 million cash generated in operations) relating to consolidated funds.

As at 31 December 2021, the Group's consolidated funds were domiciled in Guernsey, Luxembourg, Saudi Arabia and the United States.

16) Financial risk management

The Group is subject to strategic, business, client, investment, operational and treasury risks throughout its business as discussed in the Risk management section of the Group's Annual Report for the year ended 30 June 2021, which provides further detail on the Group's exposure to and the management of risks derived from the financial instruments it uses.

Those risks and the risk management policies have not changed significantly during the six months to 31 December 2021.

17) Share capital

Authorised share capital

	Number of shares	Nominal value £'000
Ordinary shares of 0.01p each at 31 December 2021, 30 June 2021 and 31 December 2020	**900,000,000**	**90**

Issued share capital – allotted and fully paid

	As at 31 December 2021 Number of shares	**As at 31 December 2021 Nominal value £'000**	As at 31 December 2020 Number of shares	As at 31 December 2020 Nominal value £'000	As at 30 June 2021 Number of shares	As at 30 June 2021 Nominal value £'000
Ordinary shares of 0.01p each	**712,740,804**	**71**	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.

As at 31 December 2021, there were equity-settled share awards issued under the Omnibus Plan totalling 43,214,260 shares (31 December 2020: 41,335,660 shares; 30 June 2021: 41,302,176 shares) that have release dates ranging from August 2022 to October 2026.

18) 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 31 December 2021, the EBT owned 52,749,597 (31 December 2020: 52,430,131; 30 June 2021: 52,345,869) ordinary shares of 0.01p with a nominal value of £5,275 (31 December 2020: £5,243; 30 June 2021: £5,235) and shareholders' funds are reduced by £181.6 million (31 December 2020: £180.1 million; 30 June 2021: £179.8 million) in this respect. The EBT is periodically funded by the Company for these purposes.

19) 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

The compensation paid to or payable to key management personnel is shown below:

	6 months to 31 December 2021 £m	6 months to 31 December 2020 £m	12 months to 30 June 2021 £m
Short-term benefits	**0.3**	0.3	1.3
Defined contribution pension costs	**–**	–	–
Share-based payment benefits	**0.8**	0.7	2.5
	1.1	1.0	3.8

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 interim condensed consolidated statement of comprehensive income.

During the period, there were no other transactions entered into with key management personnel (H1 2020/21 and FY2020/21: none). Aggregate key management personnel interests in consolidated funds at 31 December 2021 were £96.5 million (31 December 2020: £33.1 million; 30 June 2021: £80.2 million).

Transactions with Ashmore funds

During the period, the Group received £55.8 million of gross management fees and performance fees (H1 2020/21: £69.1 million; FY2020/21: £124.7 million) from the 101 funds (H1 2020/21: 101 funds; FY2020/21: 106 funds) it manages and which are classified as related parties. As at 31 December 2021, the Group had receivables due from funds of £7.2 million (31 December 2020: £10.8 million; 30 June 2021: £8.1 million) that are classified as related parties.

Transactions with the EBT

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. As at 31 December 2021, the loan outstanding was £169.9 million (31 December 2020: £174.5 million; 30 June 2021: £160.0 million).

Transactions with the Ashmore Foundation

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 into the countries and communities. The Group made donations of £0.5 million to the Foundation during the period to 31 December 2021 (H1 2020/21: £38,900; FY2020/21: £1.0 million).

20) Commitments

Undrawn investment commitments

	As at 31 December 2021 £m	As at 31 December 2020 £m	As at 30 June 2021 £m
Ashmore Andean Fund II, LP	**0.1**	0.1	0.1
Ashmore Avenida Colombia Real Estate Fund I (Cayman) LP	**0.1**	0.1	0.1
Ashmore I – CAF Colombian Infrastructure Senior Debt Fund	**6.5**	9.9	6.3
Ashmore KCH HealthCare Fund II	**1.8**	–	2.4
Total undrawn investment commitments	**8.5**	10.1	8.9

21) Post-balance sheet events

There are no post-balance sheet events that require adjustment or disclosure in these interim condensed consolidated financial statements.

22) Accounting estimates and judgements

In preparing these interim condensed consolidated financial statements the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were substantially the same as those that applied to the Annual Report and Accounts for the year ended 30 June 2021.

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 the 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.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT

We confirm that to the best of our knowledge:

the interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and that this interim report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period and any changes in the related party transactions described in the last Annual Report that could do so.

By order of the Board

Mark Coombs
Chief Executive Officer

9 February 2022

Conclusion

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2021 which comprises the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, consolidated cash flow statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated set of financial statements in the half-yearly financial report for the six months ended 31 December 2021 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK and the Disclosure Guidance and Transparency Rules (the DTR) of the UK's Financial Conduct Authority (the UK FCA).

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

The latest annual financial statements of the Group were prepared in accordance with 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 and the next annual financial statements will be prepared in accordance with UK-adopted international accounting standards. The Directors are responsible for preparing the condensed set of financial statements included in the half- yearly financial report in accordance with IAS 34 Interim Financial Reporting as adopted for use in the UK.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report 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 for our review work, for this report, or for the conclusions we have reached.

Jatin Patel
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

9 February 2022

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 allow consistent comparisons with prior periods.

The calculation of APMs is consistent with the financial year ending 30 June 2021. Historical disclosures relating to APMs, including explanations and reconciliations, can be found in the respective interim financial reports and annual reports and accounts.

Net revenue

As shown in the consolidated statement of comprehensive income (CSCI), 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.

	Reference	H1 2021/22 £m	H1 2020/21 £m
Total revenue	CSCI	**137.5**	151.2
Less:			
Distribution costs	CSCI	**(2.0)**	(3.1)
Add:			
Foreign exchange	CSCI	**3.0**	2.6
Net revenue		**138.5**	150.7

Net management fees

The principal component of the Group's revenues is management fees, net of associated distribution costs, earned on assets under management.

	Reference	H1 2021/22 £m	H1 2020/21 £m
Management fees	CSCI	**133.0**	142.0
Less:			
Distribution costs	CSCI	**(2.0)**	(3.1)
Net management fees		**131.0**	138.9

Net management fee margin

The net management fee margin is defined as the ratio of annualised management fees less distribution costs to average assets under management for the period, in US dollars since it is the primary currency in which fees are received and matches the Group's AuM disclosures. The margin is a principal measure of the firm's revenue generating capability and is a commonly used industry performance measure.

	H1 2021/22	H1 2020/21
Net management fee income (US$m)	**178.2**	183.6
Average assets under management (US$bn)	**91.2**	87.7
Net management fee margin (bps)	**39**	42

Variable compensation ratio

The charge for employee variable compensation (VC) 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, and is accrued in the interim accounts at 20% of EBVCIT.

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.

	Reference	H1 2021/22 £m	H1 2020/21 £m
Operating profit	CSCI	**117.9**	130.1
Less:			
Seed capital-related items	CSCI, Note 15d	**(27.3)**	(29.4)
Add:			
Variable remuneration	n/a	**22.8**	25.2
EBVCIT		**113.4**	125.9

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.

	Reference	H1 2021/22 £m	H1 2020/21 £m
Operating profit	CSCI	**117.9**	130.1
Add:			
Depreciation & amortisation	n/a	**1.6**	1.6
EBITDA		**119.5**	131.7

Adjusted net revenue, adjusted operating costs and adjusted EBITDA

Adjusted figures exclude items relating to foreign exchange translation and seed capital. This provides an alternative view of profits, excluding the volatility associated with those items, which is used by management to assess the Group's operating performance.

	Reference	H1 2021/22 £m	H1 2020/21 £m
Net revenue	CSCI	**138.5**	150.7
Less:			
Foreign exchange translation	Note 6	**(0.3)**	6.1
Adjusted net revenue		**138.2**	156.8

	Reference	H1 2021/22 £m	H1 2020/21 £m
Personnel expenses	CSCI	**(36.5)**	(38.8)
Other expenses	CSCI	**(12.1)**	(12.0)
Less:			
Other expenses in consolidated funds	Note 15d	**0.7**	0.8
Add:			
VC: 20% on foreign exchange translation	Note 6	**0.1**	(1.2)
Adjusted operating costs		**(47.8)**	(51.2)

	Reference	H1 2021/22 £m	H1 2020/21 £m
EBITDA		**119.5**	131.7
Less:			
Foreign exchange translation	Note 6	**(0.3)**	6.1
VC: 20% on foreign exchange translation	Note 6	**0.1**	(1.2)
Seed capital-related items	CSCI, Note 15d	**(27.3)**	(29.4)
Adjusted EBITDA		**92.0**	107.2

Adjusted EBITDA margin

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

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.

	Reference	H1 2021/22 pence	H1 2020/21 pence
Diluted EPS	CSCI	**13.3**	18.2
Less:			
Foreign exchange translation	Note 6	**–**	0.7
Tax on foreign exchange translation (19%)		**–**	(0.1)
Seed capital-related items	CSCI, Note 7, Note 15d	**(3.6)**	(7.0)
Tax on seed capital-related items (19%)	n/a	**0.7**	1.0
Adjusted diluted EPS		**10.4**	12.8

Conversion of operating profits to cash

This compares cash generated from operations, excluding consolidated funds, to adjusted EBITDA, and is a measure of the effectiveness of the Group's operations in converting profits to cash flows for shareholders. Excluding consolidated funds also ensures consistency between the cash flow and adjusted EBITDA.

	Reference	H1 2021/22 £m	H1 2020/21 £m
Cash generated from operations	Consolidated cash flow statement	**82.8**	88.9
Less:			
Cash flows relating to consolidated funds	Note 15	**2.0**	0.3
Operating cash flow		**84.8**	89.2
Conversion of operating profits to cash		**92%**	83%

Capital resources

Ashmore Group plc is subject to consolidated regulatory capital requirements and therefore is required by the Financial Conduct Authority (FCA) to determine its regulatory capital requirement and the capital resources available to meet this requirement. The method by which the Group calculates its capital resources is defined by the FCA and summarised in the table below. Note that intangible assets include deferred acquisition costs and the foreseeable dividends relate to the declared interim dividend of 4.80 pence per share.

	Reference	H1 2021/22 £m	H1 2020/21 £m
Total equity	Balance sheet	**940.4**	846.1
Less deductions:			
Investments in associates	Balance sheet	**(0.8)**	(3.2)
Foreseeable dividends	Note 11	**(33.8)**	(33.6)
Goodwill and intangible assets	Balance sheet	**(82.5)**	(82.0)
Capital resources		**823.3**	727.3

Ashmore Group plc
61 Aldwych
London WC2B 4AE
United Kingdom
www.ashmoregroup.com