Ashmore Group plc

2 September 2022

RESULTS FOR THE YEAR ENDED 30 JUNE 2022

Ashmore Group plc (Ashmore, the Group), the specialist Emerging Markets asset manager, today announces its audited results for the year ended 30 June 2022.

- Impact of challenging global markets in H2 mitigated by business model
  - Assets under management (AuM) of US$64.0 billion[1]. Widespread risk aversion due to Ukraine war, inflation and higher rates globally contributed to net outflows of US$13.5 billion and negative investment performance of US$16.6 billion
  - Adjusted net revenue of £257.2 million, 13% lower YoY, with net management fees of £243.5 million and performance fees of £4.5 million
  - Continued strong cost management reduced adjusted operating costs by 7% YoY, delivering adjusted EBITDA of £164.3 million, adjusted EBITDA margin of 64% and operating cash flow of £184.9 million
  - H2 market weakness resulted in £49.9 million unrealised mark-to-market loss on seed capital investments. Consequently, statutory profit before tax declined by 58% to £118.4 million
  - Adjusted diluted EPS of 18.7 pence and final dividend maintained to give total DPS of 16.9 pence
  - Consistent balance sheet strength with approximately £800 million of capital resources including £542 million of cash

- Local asset management strategy provides diversification
  - Resilient AuM of US$6.9 billion, 11% of Group AuM
  - Ashmore Colombia raised third private equity fund, delivered growth in equities AuM
  - Ashmore Indonesia continues to develop digital distribution, seeded blended debt strategy
  - Ashmore Saudi Arabia growing AuM with broader product range, launched healthcare initiative

- Active management in a challenging market environment
  - Weak and volatile markets have provided an opportunity to acquire risk at oversold prices, particularly in high yield
  - Investment performance reflects active management approach to deliver long-term outperformance: 45% of AuM outperforming over one year, 28% over three years and 48% over five years

- Outlook underpinned by exceptionally attractive valuations across Emerging Markets
  - Potential for improving macroeconomic conditions as inflation moderates
  - Diversity of Emerging Markets provides ability to mitigate geopolitical risks
  - Equity and fixed income valuations are highly attractive versus history and relative to Developed Markets

Commenting on the Group's results, Mark Coombs, Chief Executive Officer, Ashmore Group said:

"While the global macro environment still presents some near-term uncertainty, the situation in Emerging Markets is improving and the breadth of investment opportunity helps to mitigate the risks. Ashmore's long-term investment approach has been proven across many different market cycles and facilitates access to the exceptionally attractive valuations currently available across Emerging Markets. Risk appetite will improve as some of the recent macro headwinds abate, supporting a recovery in Emerging Markets asset prices and higher investor allocations.

"Ashmore's business model, with significant cost flexibility and a well-capitalised and liquid balance sheet, responds to market cycles and generates meaningful cash flow, as seen again in this period. Together with Ashmore's consistent focus on its growth strategy, this underpins the delivery of long-term value for Ashmore's clients, shareholders and employees."

1. As reported on 14 July 2022.

Analysts briefing

There will be a presentation for sell-side analysts at 9.30am on 2 September 2022 at UBS, 5 Broadgate, London, EC2M 2QS. A copy of the presentation will be made available on the Group's website at www.ashmoregroup.com.

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CEO REVIEW

Ashmore's long-term strategy and established business model respond to changing market conditions, maintaining a focus on the long term opportunity while ensuring resilience as the shorter-term cycle evolves. These characteristics have mitigated the impact of lower AuM on the Group's performance during the year.

The past 12 months have presented a challenging environment, with the Russian invasion of Ukraine exacerbating geopolitical and macroeconomic pressures. As a consequence, the Group's AuM reduced by 32% to US$64.0 billion, with the majority of the move attributable to the impact of lower market levels, and a reduction in risk appetite evident in client flows in the second half of the year.

Focus on strategic Emerging Markets opportunities

The long-term growth opportunities across the Emerging Markets remain significant and centre on continued superior economic growth compared with the developed world, delivering rising GDP per capita and a growing share of global economic activity. These trends are underpinned by structural reforms that deliver increasingly robust economic and political fundamentals, and greater diversity across more than 70 investable countries. However, the impact of the Russian invasion of Ukraine on global capital markets and investor sentiment led to broad-based de-risking during the second half of the financial year, with a consequent effect on some institutional clients' Emerging Markets allocations.

Ashmore's three-phase strategy aims to capture the benefits of Emerging Markets growth and diversification for clients and shareholders. The inevitable market cycles mean that not every period will see uniform progress across all initiatives, but the Group maintains a consistent focus on execution to deliver diversification and so mitigate the impact of weaker sentiment towards Emerging Markets.

For example, over the past 12 months, the Group's local asset management operations, established to drive growth and diversification under the third phase of the strategy, have continued to develop positively. Collectively, these businesses manage AuM of US$6.9 billion, which was relatively stable over the year (30 June 2021: US$7.2 billion).

Progress in the second phase was mixed. Equities AuM increased from 8% to 10% of the Group total and there was a similar increase in the proportion of assets in IG strategies from 11% to 14%, while the proportion of AuM sourced from intermediary retail clients declined from 8% to 5% largely due to the challenging market environment.

Notwithstanding the cyclical picture, the investable asset classes continue to evolve, for example with substantial opportunities available in investment grade credit, continued growth in specific real asset themes such as infrastructure and private healthcare, and an increasing recognition that ESG investing has an important role to play in the development of emerging economies. Ashmore's strategy is well placed to continue to capitalise on these opportunities.

Business model protects margins

Ashmore's well-capitalised and liquid balance sheet, flexible operating cost structure and diversified client base and product range have supported the Group's operating performance despite the decline in AuM over the period.

Although lower AuM levels led to a 13% fall in adjusted net revenue, disciplined cost management reduced operating costs by 7%, which helped to limit the impact on profits to a 16% decline in adjusted EBITDA and delivered an adjusted EBITDA margin of 64%. On an adjusted basis, diluted EPS reduced by 20% to 18.7 pence per share.

The impact of weaker markets affected the mark-to-market valuation of the Group's seed capital investments. Although the seed capital loss of £49.9 million for the period is unrealised, it was the primary reason for the 58% fall in statutory profit before tax to £118.4 million.

The Board recognises the importance of the dividend to all shareholders. While it is mindful of the lower level of statutory profits this year, it also recognises the unrealised nature of the seed capital loss and has undiminished confidence in the long-term growth opportunity. The Group also generated cash flows before dividends of more than £200 million in the year and the Board has therefore recommended an unchanged final dividend.

Investment performance reflects continued challenging markets

There have been several shocks to global capital markets over the past two years, with the Ukraine war in 2022 exacerbating some of the macroeconomic headwinds such as high inflation and monetary policy tightening by central banks. Ashmore's approach of selectively adding risk in such environments, combined with the absence to date of a sustained market recovery, is reflected in the Group's overall relative investment performance with the proportion of AuM outperforming over one, three and five years at 45%, 28% and 48%, respectively.

This picture is typical for Ashmore's investment processes following periods of weak and volatile markets.

Outperformance has been delivered in strategies such as local currency bonds, all cap equity and investment grade products across fixed income, but strategies that have exposure to high yield markets have underperformed.

Importantly, history shows that, after a period of market dislocation, the subsequent recovery returns and outperformance delivered by Ashmore's investment processes have been substantial and delivered over an extended period of time. Indeed, this recovery profile had begun in mid 2020 after the initial impact of COVID-19 on markets but was then curtailed by higher inflation, actual or expected tighter monetary policy, and the impact of regulatory tightening in China. When Russia invaded Ukraine, the worldwide impact on inflation and rates expectations resulted in another challenging period for risk assets globally. To put the

recent market environment in historical context, the 20% decline in the external debt index in the first half of 2022 represents the index's worst start to a year since 1995.

Exceptional valuations

These market conditions have left valuations across Emerging Markets at exceptionally attractive levels. Current asset prices heavily discount the known risks surrounding inflation, global rates, economic growth and, on probable scenarios, geopolitical issues. For example, external debt spreads are as wide as they were in 2008 and early 2020; equities trade at the widest discount to the US market in nearly 20 years; and local currency bonds offer a real yield premium of approximately 500bps to developed world bond markets.

Beyond the simple index valuations, the highly diverse asset classes provide significant investment opportunities to deliver attractive returns and outperformance as sentiment and risk appetite improve. In previous cycles, experienced clients have moved early to capture the full extent of recovery returns available, and prevailing valuations support a repeat of this pattern of behaviour in the current cycle.

Focus on the importance of ESG

Ashmore has long understood the importance of ESG considerations when investing in developing countries. It has integrated the consideration of ESG factors into its investment processes and, this year, made further significant progress in its sustainability activities through participation in industry initiatives. For example, in July 2021, Ashmore joined NZAMI and recently published its interim targets; it joined a second collaborative engagement through Climate Action 100+; and it has reported its approach to climate-related risks and opportunities in line with the TCFD recommendations and as required by the UK FCA. Furthermore, via The Ashmore Foundation, the Group has supported activities that will offset its FY2020/21 greenhouse gas emissions.

In the coming year, the Group's incremental focus is on complying with TCFD recommendations as they apply to investment managers, and continuing to enhance the reporting of portfolio GHG emissions to clients.

Culture and diversity

A significant development during the year was the return to offices for most employees following the removal of restrictions imposed by governments in response to the COVID-19 pandemic. The office environment is optimal for Ashmore's team-based culture, and provides for efficient and productive working practices. However, recognising the benefits it can bring, Ashmore provides a degree of flexibility for employees to work remotely.

This year, Ashmore launched a graduate recruitment programme that will support an increase in employee diversity over time.

I would like to thank all my colleagues for their commitment and hard work in striving to deliver for our clients, shareholders and other stakeholders, in the face of the challenges of the past couple of years.

Outlook

The global macro environment still presents some near-term uncertainty, but Ashmore's investment approach has been proven across many different market cycles and facilitates access to the exceptionally attractive valuations currently available across Emerging Markets. Risk appetite will improve as some of the recent macro headwinds abate, supporting a recovery in Emerging Markets asset prices and higher investor allocations. Together with Ashmore's consistent focus on its growth strategy and resilient business model, this underpins the delivery of long-term value for Ashmore's clients, shareholders and employees.

Mark Coombs
Chief Executive Officer

1 September 2022

MARKET REVIEW

The tradable Emerging Markets are well-established with nearly US$80 trillion of equity and fixed income securities, highly diversified across more than 70 countries, and are predominantly local in nature with domestic bond and equity markets accounting for more than 90% of the total investment universe. While the past 12 months have been challenging, the long-term growth potential of emerging countries is well underpinned and not reflected in the exceptional valuations currently available across the Emerging Markets.

The macroeconomic pressures that were evident during the first half of the financial year, resulting from higher inflation, global rates repricing and slower Chinese growth, were intensified by the immediate and consequential effects of Russia's invasion of Ukraine in February. In particular, commodity price inflation has added to the ongoing pressure from supply chain bottlenecks as countries emerge from the COVID-19 pandemic, which in turn has caused a more dramatic repricing in global interest rate markets and continued or accelerated monetary policy tightening by central banks. The full impact on economic growth remains uncertain, but weak investor sentiment globally reflects the possibility of a recession.

While the aggregate global macroeconomic picture is challenging, there are regional and, of course, country-specific developments that deviate from it for better or worse. For instance, the rally in certain commodity prices benefited the terms of trade in Latin America, the Middle East, and parts of Africa, while being negative for commodity importers in Asia and Central America. In every cycle, an understanding of the diversity of Emerging Markets is important in order to identify and act upon investment opportunities that arise from indiscriminate, sentiment-driven price changes.

Emerging Markets returns, as measured by benchmark indices, were negative for the 12 months to 30 June 2022, but with a small drawdown in the first half and, in common with most capital markets worldwide, a more significant decline in prices in the second half of the period. Over the year as a whole, equity markets declined by 27% and fixed income indices fell by between 14% and 21%.

Continued growth in tradable Emerging Markets

In US dollar terms, the tradable Emerging Markets grew in calendar year 2021, with 12% growth in the value of bonds outstanding to US$38 trillion, and 9% growth in equity market capitalisation to US$40 trillion. In fixed income, local bond markets continue to expand rapidly, with 14% growth in the value of bonds outstanding and, at US$33 trillion, they now represent 87% of all Emerging Markets bonds in issue. The external debt markets increased by 5% to US$5 trillion.

Index representation remains low

The index representation of Emerging Markets fixed income and equities remains low at less than 20% of the overall securities universe. The longer-established sovereign and corporate external debt markets have higher representation, but represent a minority of the bonds outstanding.

There are many reasons why bonds and listed companies are not included in indices, the common ones being:

- Local capital market accessibility and tax issues
- Minimum issue size requirement
- Remaining years to maturity
- Coupon type
- Minimum free float requirement

Importantly, and particularly in the case of local currency markets, it may not be the case that these factors infer lower liquidity and/or higher risk. It can be the case that accessibility for foreigner investors is constrained and therefore trading and ownership is biased to domestic investors, who support the continued development of liquid tradable markets. Therefore, specialist active managers can seek to deliver returns from 'off benchmark' securities.

Furthermore, while there are passive strategies available in Emerging Markets, the indexed investment universe is limited, the cost of trading is higher than for active managers, and active managers retain a significant competitive advantage through the ability to deliver alpha by accessing the full range of investment opportunities and taking advantage of price dislocations.

However, the low index representation may also mean that investors do not yet consider the Emerging Markets to be 'mainstream' asset classes, and this can be a hurdle to higher allocations. Therefore, it is desirable that over time the representation increases, which will lead to more effective passive substitutes but will also underpin the AuM growth opportunity through higher investor allocations to Emerging Markets.

The increasing significance of Emerging Markets to the world's economy

For the past three decades, Emerging Markets have delivered superior economic growth to the developed world and consequently have become the dominant force driving the world's economy. The powerful economic, political and social convergence trends underpinning this performance are well-established across emerging countries and are expected to continue.

Geopolitics

The pace of deterioration in international relations accelerated over the past 12 months, most clearly evidenced by Russia invading Ukraine, and with ongoing geopolitical tension in other parts of the world such as Taiwan. Political changes continue to affect both developed and emerging countries, for example with many European countries struggling to find political stability and a continued shift to the left in parts of Latin America.

While such situations increase uncertainty, there is a sufficiently large and diverse investment universe in Emerging Markets that provides investors with an ability to navigate shifting geopolitical patterns.

Indeed, the end of US exceptionalism, and the reshaping of political and trade relationships because of the Ukraine war and other tensions, mean that investors must prepare for a multi-polar world in which market leadership is likely to shift away from the US. In a scenario of permanently elevated geopolitical risks, countries that remain neutral to both 'cold' and 'hot' conflicts will become attractive destinations for investments. Most countries remaining neutral to the current conflicts are in Emerging Markets, in Latin America, Africa, the Middle East, and Central and South East Asia.

Until the 'winners' emerge from any given situation, portfolio diversification is paramount; with typically underweight allocations to Emerging Markets, there is ample scope for investors to gain exposure to higher return asset classes while managing risk in the face of geopolitical uncertainty.

Inflation

Upward pressure on inflation worldwide has been building for some time due to structural factors including negative real interest rates resulting from developed world central banks' monetary policies; the reversal of inequality driven by populist policies fuelling demand; and the long-term impact of countries' transition to different energy matrices.

In the short term, this pressure has been amplified by the disruption of supply chains brought about by the COVID-19 pandemic, and the initial economic impact of the Ukraine war and related sanctions.

Hence, CPI inflation has been on an upward trend and was subject to an extra supply side disruption when Russia invaded Ukraine.

However, some of the factors behind the higher inflation prints are moving to a contractionary phase, namely monetary policy tightening forcing the financial system to reduce leverage; inventory cycles shifting to become deflationary; and food prices stabilising due to base effects, with the net result that inflation is likely to moderate towards the end of 2022.

Interest rates

Central banks have responded to higher inflation with tighter monetary policy, including bringing quantitative easing to an end as well as raising policy rates. However, there are important differences between the response of central banks in emerging countries and the reaction of the Fed and other developed world central banks.

For historical reasons, governments and central banks in emerging countries are typically very sensitive to inflation and consequently many central banks have increased rates, in many cases quite substantially, since early 2021. The inflationary impact of the Ukraine war means central banks extended their hiking cycles, but the tightening has already resulted in levels that should contain inflation pressures and that are highly attractive for local currency investors.

Once again, the common narrative that higher US rates will result in widespread sovereign debt distress in Emerging Markets has been exposed as flawed. The majority of emerging countries' funding is in their own currencies, not US dollars, and orthodox monetary policies together with appropriate fiscal management provide additional support.

In contrast, the Fed and the ECB arguably missed a chance to raise interest rates in 2021 when demand recovered strongly as pandemic lockdowns eased, governments deployed extraordinary fiscal stimulus, and supply was still constrained. Those central banks are now tightening policy more aggressively than in previous cycles into an economic slowdown. This could represent a second policy mistake, by not looking through the ongoing exogenous supply shocks, which will not be resolved with higher interest rates.

The same developed world central banks have also announced the end of quantitative easing, and in some cases the start of quantitative tightening, alongside rate increases. While the transition from ultra-loose unorthodox monetary policy means uncertainty and asset price volatility, the process will ultimately prove beneficial to Emerging Markets allocations. The past decade has experienced significant imbalances in worldwide capital allocation, in good part because of QE as artificially low funding costs led to higher valuations in developed world assets. When this distortion is removed, then investors will seek out yield and sustainable dividend returns (rather than QE-inspired capital gains) and, as described below, the valuations in Emerging Markets provide myriad opportunities to access attractive risk-adjusted yields.

Nevertheless, central banks are likely to moderate their hawkishness as inflationary pressures subside over the next six months, and particularly if a recession becomes more likely. Furthermore, the US mid-term elections in November 2022 introduce another factor in the market's assessment of the probable pace of Fed tightening. A less hawkish monetary policy environment would generally be supportive for higher levels of investor risk appetite.

Growth

The long-term growth potential of Emerging Markets is well understood and underpinned by structural reforms and rising wealth. Over the past year, the world had started to recover from the COVID-19 pandemic, but then had to contend with slower growth in China and the profound impact of the Ukraine war including the unintended consequences of economic sanctions against Russia. Nonetheless, emerging countries in aggregate have sustained their economic growth premium over the developed world and the IMF expects 2022 to be the cyclical low point in relative growth rates before a meaningful expansion to historical levels over the next five years.

In the near term, leading indicators of economic activity such as PMI surveys support the divergence in growth between emerging and developed countries. In several of the major emerging countries these surveys are in expansionary territory with manufacturing and new orders PMIs above 50 and rising, whereas the same surveys show deterioration for developed countries.

China represents approximately 30% of Emerging Markets GDP and hence is important from both a fundamental perspective and in terms of investor sentiment. After a period of regulatory tightening in 2020 and 2021, compounded by its 'zero COVID-19' policy requiring severe lockdowns in major cities, China has shifted to policy stimulus in 2022. Importantly, the lockdowns appear to be moderating and the Chinese Communist Party National Congress in late 2022 provides an additional incentive to support growth.

Faced with mixed global macro signals, market expectations have moved from fearing stagflation to a worldwide recession, even if the latter view is not supported by current leading indicators. Although a recession is not yet a base case, the Emerging Markets are relatively well positioned to deal with adverse economic scenarios through their policy flexibility, diversity and lower leverage than developed countries.

Given the macro and geopolitical backdrop, there was widespread investor risk aversion through the second half of the financial year and the weakness in Emerging Markets became increasingly indiscriminate. Notably, other asset classes globally have also repriced in this period of de-risking, with US equities down 21% and commodity prices rolling over towards the end of the period; the US dollar benefited (+9% in the six months to 30 June).

Valuations

The recent market environment has caused Emerging Markets index valuations to overshoot to exceptionally attractive levels compared with history. Inevitably, while there will be justification for the fall in value of some securities, others will have been mispriced in a period of risk aversion that leads to indiscriminate selling.

Although there was a recovery in markets after the initial shock of Russia invading Ukraine in early 2022, this was short lived and the consequences of the war in terms of higher inflation and central bank hawkishness led to further weakness in asset prices globally towards the end of the financial year.

- In fixed income, the value available is illustrated by spreads on sovereign and corporate external debt, and the real yields and cheap currencies in local bond markets. For example, the main sovereign external debt index (EMBI GD) traded at a spread of 540 basis points over US Treasuries at the end of June, a level seen only a few times over the past decade, and the local currency bond index (GBI-EM GD) offered a real yield premium of around 400 basis points over developed market bonds of similar duration.
- Equity valuations are at historical lows with the MSCI EM index trading close to 10x earnings. While markets will continue to be influenced by policy actions and therefore volatility may remain elevated, there is the prospect of moderating inflation over the coming quarters and China's stimulus should support the growth outlook.

Valuations alone are insufficient to deliver market returns, but they are an important pre-requisite for the Emerging Markets asset classes to outperform when investor risk appetite improves. History shows that the inherent value can be captured rapidly when markets reach an inflection point, but also that the recovery returns from a period of extreme and indiscriminate market weakness can persist for a prolonged period of time, as was the case beginning in 2009 and 2016.

Outlook

There is considerable geopolitical and macroeconomic uncertainty reflected in global markets currently, but several factors give Emerging Markets investors grounds for optimism.

Even without a near-term resolution to the war in Ukraine, which sadly seems unlikely, inflationary pressures should abate over the coming quarters. Base effects will play a significant role, as will the deflationary impact of inventory de-stocking following a period of significant increases as the world emerged from COVID-19 restrictions.

In turn, this should moderate central banks' hawkishness, and economic growth should be further supported by ongoing stimulus in China. This scenario would be consistent with a return to higher levels of investor risk appetite and improved sentiment towards Emerging Markets, providing meaningful catalysts for a recovery in asset prices from current levels.

There are risks to this positive outlook, but Emerging Markets are relatively well positioned since economic growth has held up well relative to developed countries, central banks in Emerging Markets are already closer to the end of their rate hiking cycles than developed world banks, and there are exceptionally attractive valuations in equity and fixed income markets that more than price in the near-term outlook for worldwide inflation and interest rates.

In contrast, Developed Markets are more vulnerable since they must contend with highly indebted governments, slowing economies with the risk of recession, an energy crisis, political challenges and higher valuations.

On balance, the combination of highly attractive absolute and relative valuations, resilient growth and the potential easing of macro headwinds, mean that Emerging Markets assets should outperform. The drivers of long-term Emerging Markets growth are well-established and continue to underpin higher investor allocations to the asset classes.

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.

External debt

The external debt market is large with US$1.6 trillion of bonds outstanding, of which 67% are included in the benchmark index (EMBI GD). This index is highly diversified with 70 countries and balanced from a credit risk perspective with 52% of the bonds rated investment grade.

While emerging nations should naturally progress to local currency issuance, the external debt opportunity continues to grow as new issuers come to the market. Approximately half of the 156 developing countries have not issued publicly-tradable debt and, typically lacking domestic yield curves, can be expected to issue first in the external debt market.

The EMBI GD declined by 21% over the past 12 months, most of which occurred in the second half of the year, reflecting higher US Treasury yields, wider spreads as a result of broad-based risk aversion due to the factors described in the Market review, and the impact of actual or expected sovereign defaults. The high yield market underperformed investment grade assets with returns of -23% and -19%, respectively.

After recent market weakness, as at 30 June the index yields more than 8.5%, or in spread terms trades 540 basis points over US Treasuries, approximately twice the level that prevailed before the COVID-19 pandemic and which provides significant potential for spread compression and relative performance even as the Federal Reserve continues to raise interest rates. While some countries will inevitably face challenges with tighter financial conditions, the diversity of the index provides some protection against credit events.

Over the past 12 months, Ashmore has delivered outperformance in investment grade strategies (-17.8% composite gross return compared with -19.3% for the benchmark index) and underperformed in broad external debt strategies (-28.5% composite gross return compared with -21.2% for the benchmark index). The picture is similar over three years, with IG outperformance (-2.5% composite annualised gross return versus -3.4% for the index) and underperformance in broad external debt (-9.5% versus -5.2%). A bias towards high yield markets, with some areas of the asset class trading at distressed levels, is the principal reason for underperformance in the broad strategies.

Local currency

The local currency government bond markets are substantial, with US$16.4 trillion of bonds outstanding, and continue to grow as countries understand the merits of funding in their own currencies. While these markets are approximately 10 times the size of the sovereign external debt markets, index representation and index diversification lags the more established asset class: the benchmark GBI-EM GD index includes 16% of the total bonds outstanding, and comprises 20 countries.

In unhedged US dollar terms, the index fell 19% over the 12 months, broadly split between currency movements against a stronger US dollar and the impact of higher local rates.

Following this recent repricing, the index yields 7% in nominal terms, and around -1% in ex-post real terms, which is substantially more than the real yields available in Developed Markets of -5% to -7%. An important factor supporting valuations is that Emerging Markets central banks started their rate hiking cycles much earlier, thereby anchoring inflation expectations and providing relatively high yields, which, together with relatively cheap currencies, means the asset class offers attractive overall returns.

Ashmore has delivered outperformance in local currency bond strategies over the period, with a composite gross return of -16.1% compared with -19.3% for the benchmark index. There is also outperformance over three years, with a gross annualised return of -4.6% compared with -5.8% for the benchmark index.

Corporate debt

The scale of the Emerging Markets corporate debt opportunity is also significant with US$20.4 trillion of bonds outstanding. As is the case with sovereign credit, the majority of the issuance is in local currency (US$17.0 trillion) with hard currency bonds representing US$3.4 trillion. Similarly, the index representation is biased to the latter, with 34% of hard currency bonds in the benchmark CEMBI BD across 60 countries and comprising 799 issuers, but only 5% of the local currency-denominated bonds are in a benchmark index. The CEMBI BD is balanced from a credit quality perspective, with 57% of bonds rated investment grade.

The CEMBI BD outperformed sovereign markets over the past year, with a return of -14%, but still reflecting higher US Treasury yields and wider spreads. In common with external debt over this period, the HY and IG sub-indices delivered similar returns to the overall index with -15% and -13%, respectively.

The default rate is 3.7% at the end of June, broadly unchanged compared with a year ago. EM debt typically outperforms the US HY market due to greater diversity, lower leverage, and the potential for implicit or explicit sovereign support in certain industries.

Leverage for EM corporates tends to result from operational and investment needs rather than financial engineering, and management teams are acutely aware of the challenges presented by changing political and liquidity environments. Hence, in both IG and HY markets, leverage tends to be lower than in equivalent developed world corporate bond markets.

In this context, the pricing of EM corporate debt today represents an exceptional opportunity with spreads over US Treasuries above pre-pandemic levels. This applies equally to HY and IG markets, with the latter an increasingly attractive asset class for investors seeking diversification, attractive yields, and highly-rated credits.

Over the past 12 months, Ashmore has delivered outperformance in its IG composite (-13.5% gross return compared with -15.5% for the benchmark index) and underperformance in its broad composite (-23.7% compared with -14.3% for the benchmark index). Over three years, the broad composite has returned -4.5% on a gross annualised basis and the IG composite has delivered -1.3%, both underperforming their benchmarks (-1.1% and -0.6%, respectively). As with external debt, the underperformance in broad corporate debt strategies is primarily due to positioning in high yield markets, which have underperformed and, in certain cases such as Chinese real estate, have faced specific challenges that are in the process of being addressed.

Blended debt

An allocation to a blended debt strategy provides access to the full range of investment opportunities in the broad and diversified Emerging Markets fixed income universe, comprising approximately US$38 trillion of bonds in issue.

The standard blended debt index is 50% EMBI GD, 25% GBI-EM GD and 25% ELMI+ and, reflecting the performance of the constituent asset classes described above, this index returned -18.5% over the past 12 months, with the investment grade index returning -17.6%.

The blended debt approach suits both the first-time investor in Emerging Markets fixed income, by providing exposure to the broad array of external debt, local currency and corporate debt asset classes, and the experienced investor that wishes to define bespoke investment objectives and benchmarks that comprise multiple fixed income markets. Furthermore, investors in blended debt recognise that there can be substantial differences in the annual returns from the constituent fixed income asset classes, with a minimum difference in the range of annual returns over the past 20 years of more than 500 basis points.

Ashmore's blended debt IG composite has marginally underperformed its benchmark index over the past year (-18.2% gross return versus -17.6%) and over three years (-3.7% gross annualised return versus -3.6%). The broad composite has also underperformed with a gross return of -28.5% over one year compared with the benchmark index return of -18.5%, and a gross annualised return of -9.7% compared with the benchmark index return of -4.8% over three years. The broad strategy's allocation to external debt, and an off-benchmark allocation to corporate debt, both with a bias to high yield assets, explains the underperformance compared with the benchmark.

Equities

The Emerging Markets equity investment universe is similar in size to the aggregate fixed income markets, at US$40.4 trillion of market capitalisation. The established large cap markets represent the majority of the universe, but there are meaningful, and rapidly growing, opportunities in small cap and frontier equities. In Emerging Markets equity, the drivers of profits and short-term valuations vary, but can be domestic in nature, particularly in frontier countries, and therefore provide longer-term investment opportunities that are uncorrelated with global macro factors.

Over the past 12 months, the challenging macro environment and a stronger US dollar mean that the main Emerging Markets equity indices fell in value. As a consequence, the Small Cap index fell by 21% and the Frontier Markets index performed better and was 5% lower over the period. The MSCI EM index declined by 25%, with weakness in Chinese assets being an important driver.

The attractions of Emerging Market equities are centred on the superior economic growth prospects compared with developed countries, the distinct and uncorrelated returns available in Frontier Markets, and the substantial valuation discounts that prevail compared with both history and developed world equities. The first two factors are structural, and the recent market weakness has delivered an exceptional opportunity to capture significant upside from current asset price levels.

Ashmore's equity strategies have underperformed over the 12 months but have delivered good outperformance over the past three years. For example, the all cap composite has a gross return of -31.5% over one year compared with -25.3% for the benchmark index, but has delivered a gross annual return of +4.9% over three years versus the benchmark index return of +0.6%.

BUSINESS REVIEW

The combination of lower market levels and consequent net outflows reduced AuM by 32%. Ashmore's established business model, with a high degree of cost flexibility, mitigated the impact and delivered a 64% adjusted EBITDA margin. The balance sheet remains robust with £664 million of excess capital resources.

£m		Reclassification of			
	FY2021/22 Reported	Seed capital-related items	Foreign exchange translation	FY2021/22 Adjusted	FY2020/21 Adjusted
Net management fees	**243.5**	–	–	**243.5**	270.9
Performance fees	**4.5**	–	–	**4.5**	11.9
Other revenue	**2.9**	–	–	**2.9**	4.6
Foreign exchange	**11.6**	–	(5.3)	**6.3**	9.2
Net revenue	**262.5**	–	(5.3)	**257.2**	296.6
Gains on investment securities	**(61.3)**	61.3	–	**–**	–
Change in third-party interests in consolidated funds	**16.5**	(16.5)	–	**–**	–
Personnel expenses	**(73.4)**	–	1.1	**(72.3)**	(81.4)
Other expenses excluding depreciation and amortisation	**(22.0)**	1.4		**(20.6)**	(19.5)
EBITDA	**122.3**	46.2	(4.2)	**164.3**	195.7
EBITDA margin	*47%*	–	–	***64%***	*66%*
Depreciation and amortisation	**(3.1)**	–	–	**(3.1)**	(2.8)
Operating profit	**119.2**	46.2	(4.2)	**161.2**	192.9
Net finance income/(expense)	**(2.1)**	3.7	–	**1.6**	0.6
Associates and joint ventures	**1.3**	–	–	**1.3**	0.3
Profit before tax	**118.4**	49.9	(4.2)	**164.1**	193.8
Foreign exchange translation	–	–	4.2	**4.2**	(3.8)
Seed capital-related items	–	(49.9)	–	**(49.9)**	92.5
Profit before tax	**118.4**	–	–	**118.4**	282.5
Diluted EPS (p)	**12.6**	6.6	(0.5)	**18.7**	23.3

Assets under management

AuM declined by 32% over the year to US$64.0 billion, with the majority of the movement attributable to negative investment performance of US$16.6 billion and net outflows of US$13.5 billion. Average AuM were 7% lower than in the prior year at US$83.6 billion (FY2020/21: US$90.0 billion).

Gross subscriptions of US$13.1 billion represent 14% of opening AuM, lower than in the prior year period primarily as a consequence of lower risk appetite in the second half of the year (FY2020/21: US$17.6 billion, 21% of opening AuM).

New client mandates represented approximately 30% of institutional subscriptions with particular demand for external debt, blended debt and local currency strategies. Existing institutional clients added to mandates across a broad range of themes, including external debt, local currency, equities and blended debt.

Demand continues for investment grade products in sovereign and corporate debt, and clients recognised the attractive yields on offer with flows into Asia-focused corporate debt funds. Ashmore Colombia raised US$0.2 billion into its third private equity fund, which will focus on investments in domestic and regional infrastructure projects.

Gross redemptions of US$26.6 billion, or 28% of opening AuM, were higher than in the prior year period (FY2020/21: US$16.4 billion, 20% of opening AuM) and include US$6.0 billion of overlay redemptions (FY2020/21: US$0.7 billion) driven by lower market levels, particularly in the second half of the year.

The combination of geopolitical tension, high inflation figures and central banks tightening monetary policy, including the Fed in the second half of the year, with the consequent negative impact on market levels, meant that investor risk appetite was markedly lower as the period developed. Institutional asset allocation decisions based on risk appetite therefore led to redemptions in the fixed income and equities asset classes.

Some pension funds reduced risk exposure during the year as market performance in other asset classes, together with higher liability discount rates, have delivered fully-funded positions.

Additionally, strategies that have a high yield bias and have underperformed, notably in external debt and blended debt, also saw redemptions.

The total net outflow for the period of US$13.5 billion (FY2020/21: US$1.2 billion net inflow) comprises a net outflow from retail clients of US$2.3 billion (33% of opening intermediary retail AuM), reflecting a shorter investment horizon, and net redemptions from institutional clients of US$11.2 billion (13% of opening institutional AuM). Intermediary retail redemptions represented 15% of the total redemptions in the period compared with the 8% share of opening AuM.

AuM movements by investment theme

The development during the period of AuM by theme is shown in the table below. The local currency investment theme includes US$7.2 billion of overlay 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. There was also a US$0.3 billion fall in local currency AuM as a result of the reduction in the Group's interest in Taiping Fund Management Company from 8.5% to 5.2%.

Investment theme	AuM 30 June 2021 US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	Reclassifications & other US$bn	Performance US$bn	AuM 30 June 2022 US$bn
External debt	18.7	3.6	(3.7)	(0.1)	–	(4.2)	**14.4**
Local currency	31.9	3.5	(10.8)	(7.3)	(0.8)	(3.2)	**20.6**
Corporate debt	11.3	0.9	(2.2)	(1.3)	–	(3.2)	**6.8**
Blended debt	23.4	2.1	(6.4)	(4.3)	0.5	(5.2)	**14.4**
Equities	7.7	2.8	(3.5)	(0.7)	–	(0.7)	**6.3**
Alternatives	1.4	0.2	–	0.2	–	(0.1)	**1.5**
Total	94.4	13.1	(26.6)	(13.5)	(0.3)	(16.6)	**64.0**

AuM as invested

The Group's AuM remain geographically diverse and broadly consistent with recent periods, with 39% of AuM invested in Latin America, 29% in Asia Pacific, 12% in Eastern Europe and 20% in the Middle East and Africa.

Clients

Ashmore's clients are predominantly a diversified set of institutions, representing 95% of AuM, with the remainder sourced through intermediary retail channels. Segregated accounts represent 81% of AuM (30 June 2021: 79%) and, in line with the third phase of the Group's strategy, 27% 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$6.4 billion in 42 funds. The European SICAV range comprises 30 funds with AuM of US$5.4 billion (30 June 2021: US$10.1 billion in 29 funds) and the US 40-Act range has 12 funds with AuM of US$1.0 billion (30 June 2021: US$2.3 billion in 12 funds).

Investment performance

As at 30 June 2022, 45% of AuM is outperforming over one year, 28% over three years and 48% over five years (30 June 2021: 96%, 57% and 79%, respectively).

While this overall performance picture is characteristic of Ashmore's investment processes in weak and volatile markets, within the headline figures there are a number of areas of consistent outperformance including local currency strategies, investment grade products across all three fixed income asset classes (external debt, corporate debt and blended debt) and equity strategies.

Where there is underperformance, it is typically for one of the following connected reasons.

- The past two years have seen four distinct shocks to markets, including the Emerging Markets, from which there is yet to be a sustained recovery: the COVID-19 pandemic, the inflation spike as lockdown restrictions eased, China's policy tightening in areas such as the real estate sector resulting in slower economic growth, and the Ukraine war that has exacerbated the inflation/rates challenges.
- Ashmore's fixed income investment processes tend to acquire risk in periods of market weakness, to take advantage of dislocated asset prices and to underpin future outperformance. During the most recent cycles these processes have been implemented consistently and, as a consequence, there is substantial inherent value in portfolios, but the performance figures in some strategies reflect the buying of assets at wider bid/offer spreads in anticipation of a recovery in pricing.
- The HY markets have generally underperformed in the period and this can be where the greatest value opportunities arise. Therefore, for clients that have the ability to invest in these markets, the market dislocation is likely to have had a more pronounced impact, but the potential recovery is also commensurately greater.

Financial review

Revenues

Net revenue declined by 10% to £262.5 million, primarily as a result of lower net management and performance fees compared with the prior year. On an adjusted basis, excluding foreign exchange translation effects, net revenue fell by 13% to £257.2 million.

Net revenue

	FY2021/22 £m	FY2020/21 £m
Net management fees	**243.5**	270.9
Performance fees	**4.5**	11.9
Other revenue	**2.9**	4.6
FX: hedges	**6.3**	9.2
Adjusted net revenue	**257.2**	296.6
FX: balance sheet translation	**5.3**	(4.9)
Net revenue	**262.5**	291.7

Net management fee income declined by 10% to £243.5 million. This reflects the 7% fall in average assets under management, a lower net management fee margin of 39bps (FY2020/21: 41bps) and the small benefit from a lower average GBP:US$ rate in this period. At constant FY2020/21 exchange rates, net management fee income reduced by 11%.

The net management fee margin declined by two basis points compared with the prior year period but was stable during the 12 months. The year-on-year movement is attributable to the impact of higher margin intermediary retail net outflows (one basis point) and the effect of product mix, competition and other factors (one basis point).

There was no overall margin impact from changes in AuM by investment theme, with the positive effects of higher equities AuM, lower margin overlay redemptions and capital raising in alternatives being offset by lower AuM in the other fixed income themes.

Similarly, flows in and out of large mandates did not result in a material aggregate change in the Group's revenue margin compared with the prior year, with new mandates and top-ups countered by redemptions from other institutional accounts.

The table below summarises the net management fee income, performance fee income, and average net management fee margin by investment theme.

	Net management fees		Performance fees		Net management fee margin	
Investment theme	FY2021/22 £m	FY2020/21 £m	FY2021/22 £m	FY2020/21 £m	FY2021/22 bps	FY2020/21 bps
External debt	**46.7**	52.0	**2.0**	1.8	**35**	38
Local currency	**54.9**	60.4	**0.8**	1.8	**27**	29
Corporate debt	**26.0**	34.6	**–**	4.2	**37**	41
Blended debt	**69.3**	82.7	**1.3**	2.6	**46**	47
Equities	**33.1**	28.9	**0.4**	0.8	**58**	62
Alternatives	**13.5**	12.3	**–**	0.7	**138**	132
Total	**243.5**	270.9	**4.5**	11.9	**39**	41

Performance fees of £4.5 million (FY2020/21: £11.9 million) were realised in the year, and delivered by a range of funds in the external debt, local currency, blended debt and equities investment themes. Approximately US$8 billion of the Group's AuM, or 12% of the total, is eligible to earn performance fees at 30 June 2022. 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 £5.3 million (FY2020/21: £4.9 million loss) reflecting a lower GBP:US$ 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 £6.3 million were generated (FY2020/21: £9.2 million gain). Therefore, the Group recognised a total foreign exchange gain of £11.6 million in revenues, higher than in the prior year (FY2020/21: £4.3 million gain).

Other revenue of £2.9 million was comparable to the prior year period (FY2020/21: £4.6 million).

Operating costs

Total operating costs of £98.5 million (FY2020/21: £104.3 million) include £1.4 million of expenses incurred by seeded funds that are required to be consolidated (FY2020/21: £1.7 million), as disclosed in note 20. On an adjusted basis, taking into account the impact of seed capital and the variable compensation accrual on foreign exchange translation losses, operating costs reduced by 7% compared with the prior year period. Adjusted operating costs fell by 8% at constant FY2020/21 exchange rates.

Operating costs

	FY2021/22 £m	FY2020/21 £m
Staff costs	(27.8)	(26.7)
Other operating costs	(20.6)	(19.5)
Depreciation and amortisation	(3.1)	(2.8)
Operating costs before VC	(51.5)	(49.0)
Variable compensation (VC)	(45.6)	(53.6)
VC accrual on FX gains/losses	1.1	(1.1)
Adjusted operating costs	(96.0)	(103.7)
Consolidated funds costs	(1.4)	(1.7)
Add back VC on FX gains/losses	(1.1)	1.1
Total operating costs	(98.5)	(104.3)

Staff costs increased by 4% to £27.8 million, reflecting the increase in the Group's headcount from 310 to 315 over the year and the impact of industry-wide wage inflation.

Other operating costs, excluding consolidated fund expenses and depreciation and amortisation, increased by 6% to £20.6 million. As expected, the easing of COVID-19 restrictions around the world meant that, notably in the second half of the year, employees could return to offices and business travel was possible across a greater number of countries, with a commensurate return towards pre COVID-19 levels of operating expenses in these areas.

In line with the Board-approved policy, Ashmore accrued charitable donations of £0.6 million (FY2020/21: £1.0 million), equivalent to 0.5% of profit before tax.

Variable compensation has been accrued at 21.5% of earnings before variable compensation, interest and tax, resulting in a charge of £45.6 million, 15% lower than in the prior year (FY2020/21: £53.6 million) and consistent with the reduction in adjusted net revenue.

The combined depreciation and amortisation charges for the period of £3.1 million were similar to the prior year.

Adjusted EBITDA

Consistent with the lower revenue base but also lower operating costs, adjusted EBITDA fell by 16% from £195.7 million to £164.3 million. The Group's disciplined approach to operating costs means that, notwithstanding lower AuM and revenues over the period, it delivered an adjusted EBITDA margin of 64% (FY2020/21: 66%).

Finance income

Net finance expense of £2.1 million (FY2020/21: £23.9 million income) includes mark-to-market losses relating to seed capital investments, which are described in more detail below. Excluding such items, net interest income for the period of £1.6 million was slightly higher than in the prior year as a consequence of higher prevailing market interest rates (FY2020/21: £0.6 million).

Seed capital

The following table summarises the principal items in the accounts to assist in understanding the financial impact of the Group's seed capital programme on profits. The seed capital investments generated a total mark-to-market loss of £49.9 million (FY2020/21: £92.5 million gain). This comprises a £40.5 million loss in respect of consolidated funds, including £5.7 million of finance income, and a £9.4 million loss in respect of unconsolidated funds that is reported in finance income.

Impact of seed capital investments on profits

	FY2021/22 £m	FY2020/21 £m
Consolidated funds (note 20):		
Gains/(losses) on investment securities	(61.3)	123.5
Change in third-party interests in consolidated funds	16.5	(52.6)
Operating costs	(1.4)	(1.7)
Finance income	5.7	3.3
Sub-total: consolidated funds	(40.5)	72.5
Unconsolidated funds (note 8):		
Market return	(10.6)	25.3
Foreign exchange	1.2	(5.3)
Sub-total: unconsolidated funds	(9.4)	20.0
Total seed capital profit/(loss)	(49.9)	92.5
– realised	0.1	8.5
– unrealised	(50.0)	84.0

Profit before tax

Statutory profit before tax was 58% lower at £118.4 million (FY2020/21: £282.5 million) as a consequence of the decline in adjusted EBITDA and the mark-to-market losses on the Group's seed capital investments.

Taxation

The impact of the Group's share price on the allowable value of share-based remuneration provided to employees and non-deductible unrealised seed capital losses mean that the effective tax rate of 22.4% (FY2020/21: 14.4%) is higher than the prevailing UK corporation tax rate of 19.0% (FY2020/21: 19.0%). Note 12 to the financial statements provides a full reconciliation of this difference compared with the UK corporation tax rate.

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

Earnings per share

Basic earnings per share for the period fell by 63% to 13.4 pence (FY2020/21: 36.4 pence) and diluted earnings per share also declined by 63% from 34.2 pence to 12.6 pence.

On an adjusted basis, excluding the effects of foreign exchange translation, seed capital-related items and relevant tax, diluted earnings per share were 20% lower at 18.7 pence (FY2020/21: 23.3 pence), which is broadly consistent with the 16% year-on-year decline in adjusted EBITDA.

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 30 June 2022, total equity attributable to shareholders of the parent was £945.0 million (30 June 2021: £911.6 million). 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 £119.2 million for the period (FY2020/21: £258.3 million), the Group generated £182.1 million of cash from operations (FY2020/21: £213.5 million). The operating cash flows after excluding consolidated funds represent 113% of the adjusted EBITDA for the financial year of £164.3 million (FY2020/21: 109%).

Cash and cash equivalents by currency

	30 June 2022 £m	30 June 2021 £m
Sterling	273.1	76.0
US dollar	247.9	351.5
Other	31.0	28.6
Total	552.0	456.1

Excluding cash held in consolidated funds, the Group's cash and cash equivalents increased by £96.3 million to £542.0 million (30 June 2021: £445.7 million). The principal reasons for the change were the significant net cash generated through successful redemptions of seed capital investments, and an increase in the value of US dollar-denominated cash balances as the currency strengthened against Sterling over the year.

Seed capital investments

The Group's seed capital programme has delivered growth in third-party AuM with approximately US$5 billion of AuM in funds that have been seeded, representing 8% of total Group AuM.

During the year, the Group made new investments of £7.4 million and profitably realised £62.2 million from previous investments. As a consequence of these successful realisations, the Group's seed capital activities generated net cash flows of £54.7 million in the period.

In addition to the net redemption of £54.8 million, the combination of the unrealised mark-to-market loss and positive foreign exchange movements in reserves reduced the market value of seed investments by £10.0 million, resulting in a closing value of £272.0 million at 30 June 2022 (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, with Ashmore Indonesia using its own balance sheet to fund seed investments in the blended debt theme.

The majority of the redemptions were to match client flows into equity funds, reflecting the Group's success in generating client demand particularly in all cap strategies. The remainder primarily relates to distributions made by funds in the alternatives theme following successful investment realisations.

The mark-to-market gain recognised in the first half of the year was unwound in the second half as the impact of the Ukraine war caused widespread risk aversion and a fall in the value of risk assets across global markets. There was a resultant mark-to-market impact on the value of the Group's seed investments in equity and fixed income strategies, together with downward pressure on asset values in the alternatives theme. Overall, the impact over the 12-month period was a net £49.9 million mark-to-market loss, which was unrealised at the period end.

The diversified mix of seed capital investments means that the underlying fund portfolios, some of which are consolidated under IFRS 10, have exposure to a range of Emerging Markets asset classes, including sovereign and corporate fixed income, listed equities, private equity, real estate and infrastructure, and a wide array of industries including education, energy, financials, healthcare, industrials, basic materials, transport and utilities.

The consideration of ESG factors has been integrated into all of Ashmore's investment processes, which therefore means the Group's seed capital investments are in funds that are scored in accordance with Ashmore's proprietary ESG methodology.

Seed capital market value by currency

	30 June 2022 £m	30 June 2021 £m
US dollar	222.4	297.6
Colombian peso	19.0	16.2
Other	30.6	23.0
Total market value	272.0	336.8

As at 30 June 2022, 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. Ashmore has also made seed capital commitments to funds of £12.4 million that were undrawn at the period end, giving a total value for the Group's seed capital programme of approximately £285 million.

Goodwill and intangible assets

At 30 June 2022, goodwill and intangible assets on the Group's balance sheet totalled £90.9 million (30 June 2021: £80.5 million). The movement in the period is primarily the result of a foreign exchange revaluation gain in reserves of £10.5 million (FY2020/21: £9.0 million loss).

Shares held by EBT

The Group's EBT purchases and holds shares in anticipation of the vesting of share awards. At 30 June 2022, the EBT owned 55,512,301 ordinary shares (30 June 2021: 52,345,869 ordinary shares), representing 7.8% of the Group's issued share capital (30 June 2021: 7.3%).

Foreign exchange

The majority of the Group's fee income is received in US dollars and it is the Group's policy to hedge up to two-thirds of the notional value of budgeted foreign currency-denominated net management fees. 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:US$ and other exchange rates over the period benefited net management fees by 1%, increased operating costs by 1%, and resulted in translation gains in net revenue of £5.3 million on the Group's foreign currency assets and liabilities and a £1.2 million mark-to-market gain on the Group's unconsolidated seed capital investments.

Included in OCI is a foreign exchange translation gain on non-Sterling assets and liabilities of £80.2 million (FY2020/21: £74.9 million loss) primarily comprising a gain of £41.2 million on the Group's cash and a £38.2 million gain on the value of seed capital investments.

Regulatory capital

In January 2022, the IFPR introduced a new capital adequacy assessment process, with the ICARA replacing the ICAAP. The ICARA shifts much of the focus away from risks that a firm faces towards the harm that it may pose to clients and markets. Ashmore has been reporting under IFPR since 1 January 2022 and will apply the ICARA approach to the calculation of the capital requirement for its UK regulated entity, AIML, in the second half of 2022.

Using a consistent approach to assessing the Group's regulatory capital requirement as was adopted under the ICAAP regime, the Board has determined the Group's capital requirement to be £125.2 million as at 30 June 2022. This is lower than the equivalent prior year figure (30 June 2021: £155.9 million) primarily because of a reduced market risk requirement as a result of the lower market value of seed capital investments.

Ashmore holds total capital resources of £788.7 million as at 30 June 2022, equivalent to 111 pence per share, and providing an excess of £663.5 million over the Group capital requirement.

Dividend

The Board's policy is 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.

The primary reason for lower statutory profits this year is the mark-to-market loss on seed capital investments, while the adjusted diluted EPS is significantly higher than the statutory figure.

The Board recognises the importance of the ordinary dividend to shareholders and, taking into consideration the profit for the year, the substantial cash flows delivered, the strength of the balance sheet and the continued long-term growth opportunities available to Ashmore, it has recommended a final dividend of 12.1 pence per share. The cost of the dividends paid and declared in respect of FY2021/22 is £118.2 million, which represents 54% of the Group's cash flows before dividends generated in the period.

If approved by shareholders, the dividend will be paid on 9 December 2022 to all shareholders on the register on 4 November 2022.

Tom Shippey
Group Finance Director

1 September 2022

Principal and emerging risks, controls and mitigants

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

The table below summarises those principal risks that the Group has assessed as being most significant currently, together with examples of associated controls and mitigants. Reputational and conduct risks are common to most aspects of Ashmore's strategy and business model.

Ashmore's internal control framework considers the assessment and management of emerging risks alongside its principal risks, current examples of which are:

- impact of inflation;
- China's regulatory curbs on private companies;
- geopolitical and sanctions risks; and
- ESG risks including regulatory and industry focus on potential greenwashing, legal uncertainty and litigation risks arising from the industry's differing interpretation of ESG regulation, and a focus on social matters.

Principal risks and associated controls and mitigants

Description of principal risks	Examples of associated controls and mitigants
Strategic and business risks (Responsibility: the Board)	
Long-term downturn in Emerging Markets fundamentals/technicals/sentiment, and impact of broader industry changes (including ESG) on Ashmore's strategy and business model	– Group strategy is reviewed and approved by a Board with relevant industry experience – Diversification of investment capabilities and products – Ashmore has a strong balance sheet with no debt – ESG and Operating Committees meet regularly – The Board reviews diversity data on an annual basis
Market capacity issues and increased competition constrain growth	– Experienced Emerging Markets investment professionals with deep market knowledge – Periodic investment theme capacity reviews – Emerging Markets asset classes continue to grow, increasing the size of Ashmore's investable universe
Failure to understand and plan for the potential impact of investor sentiment, climate change and sustainability regulations may have on product preferences and underlying asset prices (including effects of transition to a low carbon economy)	– Oversight by ESGC, which covers corporate and investment activities, and scoring of all issuers for E, S and G factors – Head of Responsible Investment and ESG Policy provides updates to the Board – NZAMI membership and participation in industry working groups to prepare for net zero commitments
Client risks (Responsibility: Product Committee and RCC)	
Inappropriate marketing or ESG strategy and/or ineffective management of existing and potential fund investors and distributors, including impact of net outflows and fee margin pressure	– Regular Product Committee meetings review product suitability and appropriateness – Experienced distribution team with appropriate geographic coverage – Investor education to ensure understanding of Ashmore investment themes and products – ESGC includes distribution team members
Inadequate client oversight including alignment of interests	– Global distribution team appropriately structured for institutional and intermediary retail clients – Monitoring of client-related issues including a formal complaints handling process – Compliance and legal oversight to ensure clear and fair terms of business and disclosures, and appropriate client communications and financial promotions
Treasury risks (Responsibility: CEO and GFD)	
Inaccurate financial projections and hedging of future cash flows and balance sheet	– Defined risk appetite, and risk appetite measures updated quarterly – Group foreign exchange (FX) hedging policy and FX and Liquidity Management Committee

Investment risks (Responsibility: Group Investment Committees)

Risk	Mitigation
Downturn in long-term performance	– Consistent investment philosophy over nearly 30 years and numerous market cycles, with dedicated Emerging Markets focus including country visits and network of local offices
Manager non-performance including i) ineffective ESG integration (including greenwashing risks), ineffective cash and liquidity management, similar portfolios being managed inconsistently; and ii) neglect of duty, market abuse	– Funds in the same investment theme are managed by consistent investment management teams, and allocations approved by investment committees – Comprehensive policies in place to cover, for example, conflicts, best execution, market abuse and client order handling – Tools to manage liquidity issues as a result of redemptions including restrictions on illiquid exposures and ability to use in specie redemptions

Operational risks (Responsibility: RCC)

Risk	Mitigation
Inadequate security of information including cyber security and data protection	– Information security and data protection policies, subject to annual review including cyber security review – Cyber Security Working Group meets quarterly – Employees receive online training
Inadequate BCP	– Established BCP process with periodic updates to Group RCC
Inaccurate or invalid data including manual processes/reporting and ESG data	– Dedicated teams responsible for Transaction Processing, Fund Administration, and Pricing and Data Management – Pricing Oversight and Pricing Methodology and Valuation Committees, with such valuations subject to external audit – Annual ISAE 3402 process and report
Failure of IT infrastructure, including inability to support business growth	– Appropriate IT policies with annual review cycle – IT systems and environmental monitoring – Group IT platform incorporates local offices
Legal action, fraud or breach of contract perpetrated against the Group, its funds or investments	– Independent Internal Audit function that considers risk of fraud in each audit – Anti-money laundering and anti-bribery and corruption policies, also required for service providers – Whistleblowing policy including independent reporting line and Board sponsor – Due diligence on all new, and regular reviews of existing, service providers – Insurance policies in place with appropriate cover
Insufficient resources, including loss of key employees, inability to attract employees, and impact of remote working, which hampers growth or the Group's ability to execute its strategy	– Committee-based investment management reduces key man risk – Appropriate Remuneration policy with emphasis on performance-related pay and long-dated deferral of equity awards – Regular reviews of resource requirements and updates provided to the Board – Annual review of remuneration and benefits including benchmarking against industry – Annual Culture and Conduct report to the Board
Lack of understanding and compliance with global and local regulatory requirements, as well as conflicts of interest and not treating customers fairly, and financial crime, which includes money laundering, bribery and corruption, leading to high level publicity or regulatory sanction	– Regulatory Development Working Group and compliance monitoring programme, which covers financial crime risks such as money laundering and bribery – Compliance policies covering global and local offices, for example global conflicts of interest and inducements policies – Anti-money laundering and anti-bribery and corruption policies – Conduct risk and organisational culture indicators are considered on a monthly basis by the Group RCC and on an annual basis by the Board – ESGC has oversight of regulatory and reporting requirements – Mandatory compliance training for all employees
Inadequate tax oversight or advice	– Dedicated in-house tax specialist and Group Tax policy covering all Group entities with external advice sought as appropriate
Inappropriate oversight of market, liquidity, credit, counterparty and operational risks	– Group risk management policies, reviewed regularly – Monthly or more frequent reviews of market and credit risk

	– Quarterly reviews of principal risks, counterparties and credit risk
Inadequate oversight of Ashmore overseas offices	– GFD has oversight responsibility for overseas offices, and RCC has oversight of the operating model with annual reviews. Senior employees take local board/advisory positions – Dual reporting lines into local management and Group department heads, with adherence to Group policies – Local risk and compliance committees held and RCC receives updates – Internal Audit reviews, and annual governance reviews reported to RCC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	2022 £m	2021 £m
Management fees		247.0	276.4
Performance fees		4.5	11.9
Other revenue		2.9	4.6
Total revenue		254.4	292.9
Distribution costs		(3.5)	(5.5)
Foreign exchange	7	11.6	4.3
Net revenue		262.5	291.7
Gains/(losses) on investment securities	20	(61.3)	123.5
Change in third-party interests in consolidated funds	20	16.5	(52.6)
Personnel expenses	9	(73.4)	(80.3)
Other expenses	11	(25.1)	(24.0)
Operating profit		119.2	258.3
Finance income/(expense)	8	(2.1)	23.9
Share of profit from associates	26	1.3	0.3
Profit before tax		118.4	282.5
Tax expense	12	(26.5)	(40.7)
Profit for the year		91.9	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		80.2	(74.9)
Cash flow hedge intrinsic value gains/(losses)		(6.0)	1.2
Other comprehensive income/(loss), net of tax		74.2	(73.7)
Total comprehensive income for the year		166.1	168.1
Profit attributable to:			
Equity holders of the parent		88.5	240.1
Non-controlling interests		3.4	1.7
Profit for the year		91.9	241.8
Total comprehensive income attributable to:			
Equity holders of the parent		161.9	167.5
Non-controlling interests		4.2	0.6
Total comprehensive income for the year		166.1	168.1
Earnings per share			
Basic	13	13.42p	36.40p
Diluted	13	12.61p	34.23p

CONSOLIDATED BALANCE SHEET

As at 30 June 2022

	Notes	2022 £m	2021 £m
Assets			
Non-current assets			
Goodwill and intangible assets	15	90.9	80.5
Property, plant and equipment	16	9.1	11.2
Investment in associates	26	2.1	0.9
Non-current financial assets measured at fair value	20	39.3	34.0
Deferred acquisition costs		0.4	0.5
Deferred tax assets	18	32.7	34.8
		174.5	161.9
Current assets			
Investment securities	20	265.1	318.1
Financial assets measured at fair value	20	32.3	41.0
Trade and other receivables	17	74.3	83.4
Derivative financial instruments	21	–	1.3
Cash and cash equivalents		552.0	456.1
		923.7	899.9
Financial assets held for sale	20	–	46.2
Total assets		1,098.2	1,108.0
Equity and liabilities			
Capital and reserves – attributable to equity holders of the parent			
Issued capital	22	0.1	0.1
Share premium		15.6	15.6
Retained earnings		901.0	941.0
Foreign exchange reserve		33.2	(46.2)
Cash flow hedging reserve		(4.9)	1.1
		945.0	911.6
Non-controlling interests	30	21.8	21.1
Total equity		966.8	932.7
Liabilities			
Non-current liabilities			
Lease liabilities	16	5.8	7.3
Deferred tax liabilities	18	8.8	10.5
		14.6	17.8
Current liabilities			
Lease liabilities	16	2.2	2.5
Derivative financial instruments	21	5.2	–
Third-party interests in consolidated funds	20	73.0	105.7
Trade and other payables	24	36.4	45.5
		116.8	153.7
Financial liabilities held for sale	20	–	3.8
Total liabilities		131.4	175.3
Total equity and liabilities		1,098.2	1,108.0

Approved by the Board on 1 September 2022 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Tom Shippey
Group Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Attributable to equity holders of the parent							
	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Cash flow hedging reserve £m	Total £m	Non-controlling interests £m	Total equity £m
Balance at 30 June 2020	0.1	15.6	813.2	27.6	(0.1)	856.4	22.6	879.0
Profit for the year	–	–	240.1	–	–	240.1	1.7	241.8
Other comprehensive income/(loss):								
Foreign currency translation differences arising on foreign operations	–	–	–	(73.8)	–	(73.8)	(1.1)	(74.9)
Cash flow hedge intrinsic value gains	–	–	–	–	1.2	1.2	–	1.2
Total comprehensive income/(loss)	–	–	240.1	(73.8)	1.2	167.5	0.6	168.1
Transactions with owners:								
Purchase of own shares	–	–	(23.3)	–	–	(23.3)	–	(23.3)
Share-based payments	–	–	29.3	–	–	29.3	–	29.3
Increase in non-controlling interests	–	–	–	–	–	–	0.8	0.8
Dividends to equity holders	–	–	(118.3)	–	–	(118.3)	–	(118.3)
Dividends to non-controlling interests	–	–	–	–	–	–	(2.9)	(2.9)
Total contributions and distributions	–	–	(112.3)	–	–	(112.3)	(2.1)	(114.4)
Balance at 30 June 2021	0.1	15.6	941.0	(46.2)	1.1	911.6	21.1	932.7
Profit for the year	–	–	88.5	–	–	88.5	3.4	91.9
Other comprehensive income/(loss):								
Foreign currency translation differences arising on foreign operations	–	–	–	79.4	–	79.4	0.8	80.2
Cash flow hedge intrinsic value losses	–	–	–	–	(6.0)	(6.0)	–	(6.0)
Total comprehensive income/(loss)	–	–	88.5	79.4	(6.0)	161.9	4.2	166.1
Transactions with owners:								
Purchase of own shares	–	–	(34.5)	–	–	(34.5)	–	(34.5)
Share-based payments	–	–	24.5	–	–	24.5	–	24.5
Decrease in non-controlling interests	–	–	–	–	–	–	(0.5)	(0.5)
Dividends to equity holders	–	–	(118.5)	–	–	(118.5)	–	(118.5)
Dividends to non-controlling interests	–	–	–	–	–	–	(3.0)	(3.0)
Total contributions and distributions	–	–	(128.5)	–	–	(128.5)	(3.5)	(132.0)
Balance at 30 June 2022	0.1	15.6	901.0	33.2	(4.9)	945.0	21.8	966.8

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2022

	2022 £m	2021 £m
Operating activities		
Profit for the year	91.9	241.8
Adjustments for non-cash items:		
Depreciation and amortisation	3.1	2.8
Accrual for variable compensation	24.3	33.4
Unrealised foreign exchange gains	(11.6)	(4.3)
Finance expense/(income)	2.1	(23.9)
Net losses/(gains) on investment securities	44.8	(70.9)
Tax expense	26.5	40.7
Share of profits from associates	(1.3)	(0.3)
Cash generated from operations before working capital changes	179.8	219.3
Changes in working capital:		
Decrease in trade and other receivables	4.9	2.4
Decrease/(increase) in derivative financial instruments	6.5	(3.0)
Decrease in trade and other payables	(9.1)	(5.2)
Cash generated from operations	182.1	213.5
Taxes paid	(24.7)	(64.3)
Net cash generated from operating activities	157.4	149.2
Investing activities		
Interest and investment income received	8.1	3.2
Purchase of non-current financial assets measured at fair value	(1.9)	(8.1)
Purchase of financial assets held for sale	–	(42.2)
Purchase of financial assets measured at fair value	(5.5)	(14.4)
Sale/(purchase) of investment securities	24.2	(33.3)
Sale of non-current financial assets measured at fair value	1.5	2.6
Sale of financial assets held for sale	0.1	7.2
Sale of financial assets measured at fair value	44.0	58.4
Net cash on initial consolidation of seed capital investments	0.3	(5.2)
Purchase of property, plant and equipment	(0.5)	(0.7)
Net cash generated from/(used in) investing activities	70.3	(32.5)
Financing activities		
Dividends paid to equity holders	(118.5)	(118.3)
Dividends paid to non-controlling interests	(3.0)	(2.9)
Third-party subscriptions into consolidated funds	0.5	54.9
Third-party redemptions from consolidated funds	(4.2)	(0.6)
Distributions paid by consolidated funds	(10.7)	(28.8)
Increase/(decrease) in non-controlling interests	(0.5)	0.5
Payment of lease liabilities	(2.0)	(2.1)
Interest paid	(0.4)	(0.4)
Purchase of own shares	(34.5)	(23.3)
Net cash used in financing activities	(173.3)	(121.0)
Net increase/(decrease) in cash and cash equivalents	54.4	(4.3)
Cash and cash equivalents at beginning of year	456.1	500.9
Effect of exchange rate changes on cash and cash equivalents	41.5	(40.5)
Cash and cash equivalents at end of year	552.0	456.1
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	57.4	51.4
Daily dealing liquidity funds	225.7	333.5
Deposits	268.9	71.2
	552.0	456.1

COMPANY BALANCE SHEET

As at 30 June 2022

	Notes	2022 £m	2021 £m
Assets			
Non-current assets			
Goodwill	15	4.1	4.1
Property, plant and equipment	16	5.5	6.8
Investment in subsidiaries	25	19.9	19.9
Deferred acquisition costs		0.4	0.5
Trade and other receivables	17	132.0	–
Deferred tax assets	18	18.2	25.1
		180.1	56.4
Current assets			
Trade and other receivables	17	324.9	521.8
Derivative financial instruments	21	–	1.3
Cash and cash equivalents		159.7	86.1
		484.6	609.2
Total assets		664.7	665.6
Equity and liabilities			
Capital and reserves			
Issued capital	22	0.1	0.1
Share premium		15.6	15.6
Retained earnings		600.6	540.6
Cash flow hedging reserve		(4.9)	1.1
Total equity attributable to equity holders of the Company		611.4	557.4
Liabilities			
Non-current liabilities			
Lease liability	16	3.3	4.4
Current liabilities			
Lease liability	16	1.3	1.3
Derivative financial instruments	21	5.2	–
Trade and other payables	24	43.5	102.5
		53.3	108.2
Total equity and liabilities		664.7	665.6

The Company has taken the exemption under section 408 of the Companies Act 2006 not to present its profit and loss account and related notes. The Company's profit for the year ended 30 June 2022 was £188.6 million (30 June 2021: £69.4 million).

The financial statements of Ashmore Group plc (registered number 03675683) were approved by the Board on 1 September 2022 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

Tom Shippey
Group Finance Director

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	Issued capital £m	Share premium £m	Retained earnings £m	Cash flow hedging reserve £m	Total equity attributable to equity holders of the parent £m
Balance at 30 June 2020	0.1	15.6	583.5	(0.1)	599.1
Profit for the year	–	–	69.4	–	69.4
Cash flow hedge intrinsic value gains	–	–	–	1.2	1.2
Purchase of own shares	–	–	(23.3)	–	(23.3)
Share-based payments	–	–	29.3	–	29.3
Dividends to equity holders	–	–	(118.3)	–	(118.3)
Balance at 30 June 2021	0.1	15.6	540.6	1.1	557.4
Profit for the year	–	–	188.6	–	188.6
Cash flow hedge intrinsic value losses	–	–	–	(6.0)	(6.0)
Purchase of own shares	–	–	(34.1)	–	(34.1)
Share-based payments	–	–	24.0	–	24.0
Dividends to equity holders	–	–	(118.5)	–	(118.5)
Balance at 30 June 2022	0.1	15.6	600.6	(4.9)	611.4

COMPANY CASH FLOW STATEMENT

For the year ended 30 June 2022

	2022 £m	2021 £m
Operating activities		
Profit for the year	188.6	69.4
Adjustments for:		
Depreciation and amortisation	1.8	1.4
Accrual for variable compensation	19.3	25.2
Unrealised foreign exchange losses/(gains)	(58.4)	35.6
Finance income	(0.4)	–
Tax expense/(income)	26.0	(16.5)
Dividends received from subsidiaries	(174.0)	(110.1)
Cash generated from/(used in) operations before working capital changes	2.9	5.0
Changes in working capital:		
Decrease/(increase) in trade and other receivables	(73.8)	6.9
Decrease/(increase) in derivative financial instruments	6.5	(3.0)
Increase/(decrease) in trade and other payables	(59.0)	97.4
Cash generated from/(used in) operations	(123.4)	106.3
Taxes paid	(12.1)	(38.2)
Net cash generated from/(used in) operating activities	(135.5)	68.1
Investing activities		
Interest received	0.2	0.3
Loans advanced to subsidiaries	(0.2)	(110.2)
Loans repaid by subsidiaries	184.0	67.3
Dividends received from subsidiaries	174.0	110.1
Purchase of property, plant and equipment	(0.4)	(0.6)
Net cash generated from investing activities	357.6	66.9
Financing activities		
Dividends paid	(118.5)	(118.3)
Payment of lease liability	(1.1)	(1.1)
Interest paid	(0.2)	(0.2)
Purchase of own shares	(34.1)	(23.3)
Net cash used in financing activities	(153.9)	(142.9)
Net increase/(decrease) in cash and cash equivalents	68.2	(7.9)
Cash and cash equivalents at beginning of year	86.1	91.8
Effect of exchange rate changes on cash and cash equivalents	5.4	2.2
Cash and cash equivalents at end of year	159.7	86.1
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	6.3	17.0
Daily dealing liquidity funds	1.9	14.6
Deposits	151.5	54.5
	159.7	86.1

NOTES TO THE FINANCIAL STATEMENTS

1) General information

Ashmore Group plc (the Company) is a public limited company listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. The consolidated financial statements of the Company and its subsidiaries (together the Group) for the year ended 30 June 2022 were authorised for issue by the Board of Directors on 1 September 2022. The principal activity of the Group is described in the Directors' report.

2) Basis of preparation

The Group and Company financial statements for the year ended 30 June 2022 have been prepared in accordance with UK-adopted international accounting standards.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of derivative financial instruments and financial assets and liabilities that are held at fair value through profit or loss.

The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 that allows it not to present its individual statement of comprehensive income and related notes.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further information about key sources of estimation and areas of judgement are set out in note 31.

Going concern

The Board of Directors has considered the resilience of the Group, taking into account its current financial position, and the principal and emerging risks facing the business in the context of the current economic outlook. The Board reviewed cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that the Group will have sufficient funds to meet its liabilities as they fall due for that period. The Board applied stressed scenarios, including severe but plausible downside assumptions, and the impact on AuM, profitability of the Group and known commitments. While there are wider market uncertainties that may impact the Group, the stressed scenarios, which assumed a significant reduction in revenue for the entire forecast period, show that the Group and Company would continue to operate profitably and meet their liabilities as they fall due for a period of at least 12 months from the date of approval of the annual financial statements. The financial statements have therefore been prepared on a going concern basis.

3) New Standards and Interpretations not yet adopted

There were no Standards or Interpretations that were in issue and required to be adopted by the Group as at the date of authorisation of these consolidated financial statements. No other Standards or Interpretations have been issued that are expected to have a material impact on the Group's financial statements.

4) Significant accounting policies

The following principal accounting policies have been applied consistently where applicable to all years presented in dealing with items considered material in relation to the Group and Company financial statements, unless otherwise stated.

Basis of consolidation

The consolidated financial statements of the Group comprise the financial statements of the Company and its subsidiaries, associates and joint ventures. This includes an Employee Benefit Trust (EBT) established for the employee share-based awards and consolidated investment funds.

Interests in subsidiaries

Subsidiaries are entities, including investment funds, over which the Group has control as defined by IFRS 10. The Group has control if it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases. The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

The profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to any non-controlling interests. Based on their nature, the interests of third parties in consolidated funds are classified as liabilities and appear as 'Third-party interests in consolidated funds' on the Group's balance sheet. Associates and joint ventures are presented as single-line items in the statement of comprehensive income and balance sheet. Intercompany transactions and balances are eliminated on consolidation. Consistent accounting policies have been applied across the Group in the preparation of the consolidated financial statements as at 30 June 2022.

A change in the ownership interest of a consolidated entity that does not result in a loss of control by the Group is accounted for as an equity transaction. If the Group loses control over a consolidated entity, it derecognises the related assets, goodwill, liabilities,

non-controlling interest and other components of equity, and any gain or loss is recognised in consolidated comprehensive income. Any investment retained is recognised at its fair value at the date of loss of control.

Interests in associates and joint arrangements

Associates are partly owned entities over which the Group has significant influence but no control. Joint ventures are entities through which the Group and other parties undertake an economic activity which is subject to joint control.

Investments in associates and interests in joint ventures are measured using the equity method of accounting. Under this method, the investments are initially recognised at cost, including attributable goodwill, and are adjusted thereafter for the post-acquisition changes in the Group's share of net assets. The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income. Where the Group's financial year is not coterminous with those of its associates or joint ventures, unaudited interim financial information is used after appropriate adjustments have been made.

Interests in consolidated structured entities

The Group acts as fund manager to investment funds that are considered to be structured entities. Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding which party has control: for example, when any voting rights relate to administrative tasks only and the relevant activities of the entity are directed by means of contractual arrangements. The Group's assets under management are managed within structured entities. These structured entities typically consist of unitised vehicles such as Société d'Investissement à Capital Variable (SICAVs), limited partnerships, unit trusts and open-ended and closed-ended vehicles which
entitle third-party investors to a percentage of the vehicle's net asset value.

The Group has interests in structured entities as a result of the management of assets on behalf of its clients. Where the Group holds a direct interest in a closed-ended fund, private equity fund or open-ended pooled fund such as a SICAV, the interest is accounted for either as a consolidated structured entity or as a financial asset, depending on whether the Group has control over the fund or not. Control is determined in accordance with IFRS 10, based on an assessment of the level of power and aggregate economic interest that the Group has over the fund, relative to third-party investors. Power is normally conveyed to the Group through the existence of an investment management agreement and/or other contractual arrangements. Aggregate economic interest is a measure of the Group's exposure to variable returns in the fund through a combination of direct interest, expected share of performance fees, expected management fees, fair value gains or losses, and distributions receivable from the fund.

The Group concludes that it acts as a principal when the power it has over the fund is deemed to be exercised for self-benefit, considering the level of aggregate economic exposure in the fund and the assessed strength of third-party investors' kick-out rights. The Group concludes that it acts as an agent when the power it has over the fund is deemed to be exercised for the benefit of third-party investors.

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

Interests in unconsolidated structured entities

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

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

The disclosure of the AuM in respect of consolidated and unconsolidated structured entities is provided in note 27.

Foreign currency

The Group's financial statements are presented in Pounds Sterling (Sterling), which is also the Company's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the functional currency, which is the currency that prevails in the primary economic environment in which the entity operates.

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entities at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the spot exchange rate at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in comprehensive income, except for qualifying cash flow hedges to the extent that the hedge is effective, in which case foreign currency differences arising are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Sterling at the spot exchange rates at the balance sheet date. The revenues and expenses of foreign operations are translated into Sterling at rates approximating to the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and accumulated in the foreign currency translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of such that control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to comprehensive income as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

If the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign currency differences arising on the item form part of the net investment in the foreign operation and are recognised in other comprehensive income, and accumulated in the foreign currency translation reserve within equity.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

The consideration transferred for the acquisition is generally measured at the acquisition date fair value, as are the identifiable net assets acquired, liabilities incurred (including any asset or liability resulting from a contingent consideration arrangement) and equity instruments issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. If the contingent consideration is classified as equity, it will not be remeasured and settlement is accounted for within equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Goodwill

The cost of a business combination in excess of the fair value of net identifiable assets or liabilities acquired, including intangible assets identified, is recognised as goodwill and stated at cost less any accumulated impairment losses. Goodwill has an indefinite useful life, is not subject to amortisation and is tested annually for impairment or when there is an indication of impairment.

Intangible assets

The cost of intangible assets, such as management contracts and brand names, acquired as part of a business combination is their fair value as at the date of acquisition. The fair value at the date of acquisition is calculated using the discounted cash flow methodology and represents the valuation of the profits expected to be earned from the management contracts and brand name in place at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and impairment losses. Intangible assets with finite life are amortised on a systematic basis over their useful lives. The useful life of an intangible asset which has arisen from contractual or other legal rights does not exceed the period of the contractual or other legal rights.

Non-controlling interests (NCI)

The Group recognises NCI in an acquired entity either at fair value or at the NCI's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Changes to the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost is determined on the basis of the direct and indirect costs that are directly attributable. Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives, assessed to be five years for office equipment and four years for IT equipment. The residual values and useful lives of assets are reviewed at least annually.

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

Leases

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

The Group initially records a lease liability reflecting the present value of the future contractual cash flows to be made over the lease term, discounted using the rate implicit in the lease, being the rate that the lessee would have to pay to borrow the funds

necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Where this rate is not readily available, the Group applies the incremental borrowing rate applicable for each lease arrangement. A right-of-use asset is also recorded at the value of the lease liability plus any directly related costs and estimated dilapidation expenses and is presented within property, plant and equipment. Interest is accrued on the lease liability using the effective interest rate method to give a constant rate of return over the life of the lease whilst the balance is reduced as lease payments are made. The right-of-use asset is depreciated over the life of the lease as the benefit of the lease is consumed.

After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects the likelihood that it will exercise (or not exercise) a term extension option.

The cost of short-term (less than 12 months) leases is expensed on a straight-line basis over the lease term.

Deferred acquisition costs

Costs that are directly attributable to securing an investment management contract are deferred if they can be identified separately and measured reliably and it is probable that they will be recovered. Deferred acquisition costs represent the incremental costs incurred by the Group to acquire an investment management contract, typically on a closed-ended fund. The Group amortises the deferred acquisition asset recognised on a systematic basis, in line with the revenue generated from providing the investment management services over the life of the fund.

Financial instruments

Recognition and initial measurement

Financial instruments are recognised when the Group becomes party to the contractual provisions of an instrument, initially at fair value plus transaction costs except for financial assets classified at fair value through profit or loss. Purchases or sales of financial assets are recognised on the trade date, being the date that the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or been transferred or when the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the obligation under the liability has been discharged, cancelled or expires.

Subsequent measurement

The subsequent measurement of financial instruments depends on their classification in accordance with IFRS 9 Financial Instruments and IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under IFRS 9, the Group classifies its financial assets into two measurement categories: amortised cost and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost are measured at FVTPL. The Group classifies its financial liabilities at amortised cost or derivative liabilities measured at FVTPL.

Amortised cost is the amount determined based on moving the initial amount recognised for the financial instrument to the maturity value on a systematic basis using a fixed interest rate (effective interest rate), taking account of repayment dates and initial premiums or discounts.

Financial assets

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

The Group may, from time to time, invest seed capital in funds where a subsidiary is the investment manager or an adviser. Where the holding in such investments is deemed to represent a controlling stake and is acquired exclusively with a view to subsequent disposal through sale or dilution, these seed capital investments are recognised as financial assets held for sale in accordance with IFRS 5. The Group recognises 100% of the investment in the fund as a 'financial asset held for sale' and the interest held by other parties as a 'financial liability held for sale'. Where control is not deemed to exist, and the assets are readily realisable, they are recognised as financial assets measured at FVTPL in accordance with IFRS 9. Where the assets are not readily realisable, they are recognised as non-current financial assets measured at FVTPL. If a seed capital investment remains under the control of the Group for more than one year from the original investment date, the underlying fund is consolidated line by line.

Investment securities at FVTPL

Investment securities represent securities, other than derivatives, held by consolidated funds. These securities are measured at fair value with gains and losses recognised through the consolidated statement of comprehensive income.

Financial assets held for sale (HFS)

Financial assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell except where measurement and remeasurement is outside the scope of IFRS 5. Where investments that have initially been recognised as financial assets held for sale, because the Group has been deemed to hold a controlling stake, are subsequently disposed of or

diluted such that the Group's holding is no longer deemed a controlling stake, the investment will subsequently be classified as a financial asset measured at FVTPL in accordance with IFRS 9.

Financial assets at FVTPL

Financial assets at FVTPL include certain readily realisable interests in seeded funds, non-current financial assets measured at fair value and derivatives. From the date the financial asset is recognised, all subsequent changes in fair value, foreign exchange differences, interest and dividends are reflected in the consolidated statement of comprehensive income and presented in finance income or expense.

(i) Non-current financial assets measured at fair value

Non-current financial assets include closed-end funds that are measured at FVTPL. They are held at fair value with changes in fair value being recognised through the consolidated statement of comprehensive income.

(ii) Financial assets measured at fair value

The Group classifies readily realisable interests in seeded funds as financial assets measured at FVTPL with fair value changes being directly recognised through the consolidated statement of comprehensive income. Fair value is measured based on the proportionate net asset value in the fund.

(iii) Derivatives

Derivatives include foreign exchange forward contracts and options used by the Group to manage its foreign currency exposures and those held in consolidated funds. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Transaction costs are recognised immediately in the statement of comprehensive income. All derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly in comprehensive income, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

Financial assets measured at amortised cost

(i) Trade and other receivables

Trade and other receivables are initially recorded at fair value plus transaction costs. The fair value on acquisition is normally the cost. Subsequent to initial recognition these assets are measured at amortised cost less impairment loss allowances. Impairment losses are recognised in the statement of comprehensive income for expected credit losses, and changes in those expected credit losses over the life of the instrument. Loss allowances are calculated based on lifetime expected credit losses at each reporting date.

(ii) Cash and cash equivalents

Cash represents cash at bank and in hand, and cash equivalents comprise short-term deposits and investments in money market instruments that are redeemable on demand or with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

Financial liabilities

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

Financial liabilities held for sale

Financial liabilities held for sale represent interests held by other parties in funds in which the Group recognises 100% of the investment in the fund as a financial asset held for sale. These liabilities are carried at fair value with gains or losses recognised in the statement of comprehensive income within finance income or expense.

Financial liabilities at FVTPL

Financial liabilities at FVTPL include derivative financial instruments and third-party interests in consolidated funds. They are carried at fair value with gains or losses recognised in the consolidated statement of comprehensive income within finance income or expense.

Financial liabilities at amortised cost

Other financial liabilities including trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised as it is incurred using the effective interest method, which allocates interest at a constant rate of return over the expected life of the financial instrument based on the estimated future cash flows.

Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the 'exit price') in an orderly transaction between market participants at the measurement date. In determining fair value, the Group uses various valuation approaches and establishes a hierarchy for inputs used in measuring fair value that maximises the use of relevant observable inputs and minimises the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Group.

Unobservable inputs are inputs that reflect the Group's judgements about the assumptions other market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances.

Securities listed on a recognised stock exchange, or dealt on any other regulated market that operates regularly, is recognised and open to the public, are valued at the last known available closing bid price. If a security is traded on several actively traded and organised financial markets, the valuation is made on the basis of the last known bid price on the main market on which the securities are traded. In the case of securities for which trading on an actively traded and organised financial market is not significant, but which are bought and sold on a secondary market with regulated trading among security dealers (with the effect that the price is set on a market basis), the valuation may be based on this secondary market.

Where instruments are not listed on any stock exchange or not traded on any regulated markets, valuation techniques are used by valuation specialists. These techniques include the market approach, the income approach or the cost approach. The use of the market approach generally consists of using comparable market transactions or using techniques based on market observable inputs, while the use of the income approach generally consists of the net present value of estimated future cash flows, adjusted as deemed appropriate for liquidity, credit, market and/or other risk factors.

Investments in funds are valued on the basis of the last available net asset value of the units or shares of such funds.

The fair value of the derivatives is their quoted market price at the balance sheet date.

Hedge accounting

The Group applies the general hedge accounting model in IFRS 9. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses forward and option contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to management fee revenues. The Group designates only the change in fair value of the spot element of the forward and option contracts in cash flow hedging relationships. The effective portion of changes in fair value of hedging instruments is accumulated in a cash flow hedge reserve as a separate component of equity.

The Group applies cash flow hedge accounting when the transaction meets the specified hedge accounting criteria. To qualify, the following conditions must be met:

- formal documentation of the relationship between the hedging instrument(s) and hedged item(s) must exist at inception;
- the hedged cash flows must be highly probable and must present an exposure to variations in cash flows that could ultimately affect comprehensive income;
- the effectiveness of the hedge can be reliably measured; and
- the hedge must be highly effective, with effectiveness assessed on an ongoing basis.

For qualifying cash flow hedges, the change in fair value of the effective hedging instrument is initially recognised in other comprehensive income and is released to comprehensive income in the same period during which the relevant financial asset or liability affects the Group's results.

Where the hedge is highly effective overall, any ineffective portion of the hedge is immediately recognised in comprehensive income. Where the instrument ceases to be highly effective as a hedge, or is sold, terminated or exercised, hedge accounting is discontinued.

Derecognition of financial assets and liabilities

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risk and rewards of ownership of the asset. The Group derecognises a financial liability when the Group's obligations are discharged, cancelled or they expire.

Impairment of financial assets

Under IFRS 9, impairment losses on the Group's financial assets at amortised cost are measured using an expected credit loss (ECL) model. Under this model, the Group is required to account for expected credit losses, and changes in those expected credit losses over the life of the instrument. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses. A three-stage model is used for calculating expected credit losses, which requires financial assets to be assessed as:

- performing (stage 1) financial assets where there has been no significant increase in credit risk since original recognition; or
- under-performing (stage 2) financial assets where there has been a significant increase in credit risk since initial recognition, but no default event; or
- non-performing (stage 3) financial assets that are in default.

Expected credit losses for stage 1 financial assets are calculated based on possible default events within the 12 months after the reporting date. Expected credit losses for stage 2 and 3 financial assets are calculated based on lifetime expected credit losses that result from all possible default events over the expected life of a financial instrument. The Group applies the simplified approach to calculate expected credit losses for financial assets measured at amortised cost. Under this approach, financial assets are not categorised into three stages and expected credit losses are calculated based on the life of the instrument.

Assets measured at amortised cost

The Group measures loss allowances at an amount equal to lifetime expected credit losses. Expected credit loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The Group's financial assets subject to impairment assessment under the ECL model comprise cash deposits held with banks and trade receivables. In assessing the impairment of financial assets under the ECL model, the Group assesses whether the risk of default has increased significantly since initial recognition, by considering both quantitative and qualitative information, and the analysis is based on the Group's historical experience of credit default, including forward-looking information.

The Group's trade receivables comprise balances due from management fees, performance fees and expense recoveries from funds managed, and are generally short term and do not contain financing components. Factors considered in determining whether a default has taken place include how many days past the due date a payment is, deterioration in the credit quality of a counterparty, and knowledge of specific events that could influence a counterparty's ability to pay. The Group assesses lifetime expected credit losses based on historical observed default rates, adjusted by forward-looking estimates regarding the economic conditions within the next year. Externally derived credit ratings have been identified as representing the best available determinant of counterparty credit risk for cash balances and credit risk is deemed to have increased significantly if the credit rating has significantly deteriorated at the reporting date relative to the credit rating at the date of initial recognition.

Impairment of non-financial assets

For all other assets other than goodwill, an impairment test is performed annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Goodwill

Goodwill is tested for impairment annually or whenever there is an indication that the carrying amount may not be recoverable based on management's judgements regarding the future prospects of the business, estimates of future cash flows and discount rates. When assessing the appropriateness of the carrying value of goodwill at year end, the recoverable amount is considered to be the greater of fair value less costs to sell or value in use. The pre-tax discount rate applied is based on the Group's weighted average cost of capital after making allowances for any specific risks.

The business of the Group is managed as a single unit, with asset allocations, research and other such operational practices reflecting the commonality of approach across all fund themes. Therefore, for the purpose of testing goodwill for impairment, the Group is considered to have one cash-generating unit to which all goodwill is allocated and, as a result, no further split of goodwill into smaller cash-generating units is possible and the impairment review is conducted for the Group as a whole.

An impairment loss in respect of goodwill cannot be reversed.

Net revenue

Net revenue is total revenue less distribution costs and including foreign exchange. The Group's total revenue includes management fees, performance fees and other revenue. The primary revenue source for the Group is fee income received or receivable for the provision of investment management services.

The Group recognises revenue in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The core principle of IFRS 15 is that revenue is recognised to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The Group applies the IFRS 15 five-step model for recognising revenue, which consists of identifying the contract with the customer; identifying the relevant performance obligations; determining the amount of consideration to be received under the contract; allocating the consideration to each performance obligation; and earning the revenue as the performance obligations are satisfied.

The Group's principal revenue recognition policies are summarised below:

Management fees

Management fees are presented net of rebates, and are calculated as a percentage of net fund assets managed in accordance with individual management agreements. Management fees are calculated and recognised on a monthly basis in accordance with the terms of the management fee agreements. Management fees are typically collected on a monthly or quarterly basis.

Performance fees

Performance fees are presented net of rebates, and are calculated as a percentage of the appreciation in the net asset value of a fund above a defined hurdle. Performance fees are earned from some arrangements when contractually agreed performance levels are exceeded within specified performance measurement periods, typically over one year. The fees are recognised when they can be reliably estimated and/or crystallised, and there is deemed to be a low probability of a significant reversal in future periods. This is usually at the end of the performance period or upon early redemption by a fund investor. Once crystallised, performance fees typically cannot be clawed-back.

Rebates

Rebates relate to repayments of management and performance fees charged subject to a rebate agreement, typically with institutional investors, and are calculated based on an agreed percentage of net fund assets managed and recognised as the service is received. Where rebate agreements exist, management and performance fees are presented on a net basis in the consolidated statement of comprehensive income.

Other revenue

Other revenue principally comprises fees for other services, which are typically driven by the volume of transactions, along with revenues that vary in accordance with the volume of fund project development activities. Other revenue includes transaction, structuring and administration fees, project management fees, and reimbursement by funds of costs incurred by the Group. This revenue is recognised as the relevant service is provided and it is probable that the fee will be collected.

Distribution costs

Distribution costs are costs of sales payable to external intermediaries for marketing and investor servicing. Distribution costs vary based on fund assets managed and the associated management fee revenue, and are expensed over the period in which the service is provided.

Employee benefits

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income when payable in accordance with the scheme particulars.

Share-based payments

The Group issues share awards to its employees under share-based compensation plans.

For equity-settled awards, the fair value of the amounts payable to employees is recognised as an expense with a corresponding increase in equity over the vesting period after adjusting for the estimated number of shares that are expected to vest. The fair value is measured at the grant date using an appropriate valuation model, taking into account the terms and conditions upon which the instruments were granted. At each balance sheet date prior to vesting, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is calculated. The movement in cumulative expense is recognised in the statement of comprehensive income with a corresponding entry within equity.

For cash-settled awards, the fair value of the amounts payable to employees is recognised as an expense with a corresponding liability on the Group's balance sheet. The fair value is measured using an appropriate valuation model, taking into account the estimated number of awards that are expected to vest and the terms and conditions upon which the instruments were granted. During the vesting period, the liability recognised represents the portion of the vesting period that has expired at the balance sheet date multiplied by the fair value of the awards at that date. Movements in the liability are recognised in the statement of comprehensive income.

The Group has in place an intragroup recharge arrangement for equity-settled share based awards whereby the parent Company is reimbursed based on the grant-date cost of share awards granted to employees of the subsidiary entity. During the vest period, the subsidiary entity recognises a share-based payment expense in accordance with IFRS 2 requirements with an intercompany payable to parent Company. The parent Company recognise an intercompany receivable and a corresponding credit within equity as a share-based payment reserve. The intercompany balances are settled regularly and reported as current assets/liabilities.

Finance income and expense

Finance income includes interest receivable on the Group's cash and cash equivalents, and both realised and unrealised gains on financial assets at FVTPL.

Finance expense includes both realised and unrealised losses on financial assets at FVTPL. Interest expense on lease liabilities is presented within finance expense.

Taxation

Tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the balance sheet date in the countries where the Group operates. Current tax also includes withholding tax arising from dividends.

Deferred tax

Deferred tax is recognised using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following differences are not provided for:

- goodwill not deductible for tax purposes; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the balance sheet date.

Dividends

Dividends are recognised when shareholders' rights to receive payments have been established.

Equity shares

The Company's ordinary shares of 0.01 pence each are classified as equity instruments. Ordinary shares issued by the Company are recorded at the fair value of the consideration received or the market price at the day of issue. Direct issue costs, net of tax, are deducted from equity through share premium. When share capital is repurchased, the amount of consideration paid, including directly attributable costs, is recognised as a change in equity.

Own shares

Own shares are held by the Employee Benefit Trust (EBT). The holding of the EBT comprises own shares that have not vested unconditionally to employees of the Group. In both the Group and Company, own shares are recorded at cost and are deducted from retained earnings.

Segmental information

Key management information, including revenues, margins, investment performance, distribution costs and AuM flows, which is relevant to the operation of the Group, is reported to and reviewed by the Board on the basis of the investment management business as a whole. Hence, the Group's management considers that the Group's services and its operations are not run on a discrete geographic basis and comprise one business segment (being provision of investment management services).

Company-only accounting policies

In addition to the above accounting policies, the following specifically relates to the Company:

Investment in subsidiaries

Investments by the Company in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

5) Segmental information

The Group's operations are reported to and reviewed by the Board on the basis of the investment management business as a whole, hence the Group is treated as a single segment. The key management information considered is adjusted EBITDA which is £164.3 million for the year as reconciled in the Business review (FY2020/21: adjusted EBITDA of £195.7 million was derived by adjusting operating profit by £2.8 million of depreciation and amortisation expense, £23.3 million of income related to seed capital and £3.8 million of foreign exchange gains). The disclosures below are supplementary, and provide the location of the Group's non-current assets at year end other than financial assets and deferred tax assets. Disclosures relating to revenue by location are in note 6.

Analysis of non-current assets by geography

	2022 £m	2021 £m
United Kingdom and Ireland	26.5	24.8
United States	73.5	65.1
Other	2.5	3.2
Total non-current assets	102.5	93.1

6) Revenue

Management fees are accrued throughout the year in line with prevailing levels of AuM and performance fees are recognised when they can be estimated reliably and it is probable that they will crystallise. The Group is not considered to be reliant on any single source of revenue. During the year, none of the Group's funds (FY2020/21: none) provided more than 10% of total revenue in the year respectively when considering management fees and performance fees on a combined basis.

Analysis of revenue by geography

	2022 £m	2021 £m
United Kingdom and Ireland	193.6	229.9
United States	22.0	26.8
Other	38.8	36.2
Total revenue	254.4	292.9

7) Foreign exchange

The foreign exchange rates which had a material impact on the Group's results are the US dollar, the Euro, the Indonesian rupiah and the Colombian peso.

£1	Closing rate as at 30 June 2022	Closing rate as at 30 June 2021	Average rate year ended 30 June 2022	Average rate year ended 30 June 2021
US dollar	1.2145	1.3815	1.3289	1.3472
Euro	1.1617	1.1649	1.1785	1.1315
Indonesian rupiah	18,092	20,031	19,146	19,389
Colombian peso	5,053	5,158	5,164	4,968

Foreign exchange gains and losses are shown below.

	2022 £m	2021 £m
Net realised and unrealised hedging gains	6.3	9.2
Translation gains/(losses) on non-Sterling denominated monetary assets and liabilities	5.3	(4.9)
Total foreign exchange gains	11.6	4.3

8) Finance income

	2022 £m	2021 £m
Interest and investment income	7.7	4.3
Net realised gains on seed capital investments measured at fair value	0.1	8.5
Net unrealised gains/(losses) on seed capital investments measured at fair value	(9.5)	11.5
Interest expense on lease liabilities (note 16)	(0.4)	(0.4)
Total finance income/(expense)	(2.1)	23.9

Included within interest and investment income are gains of £5.7 million (FY2020/21: £3.3 million gains) from investment securities on consolidated funds (note 20d).

Included within net realised and unrealised gains on seed capital investments measured at fair value are £1.1 million losses (FY2020/21: £10.8 million gains) in relation to financial assets held for sale (note 20a), £12.5 million losses (FY2020/21: £8.2 million gains) on financial assets measured at FVTPL (note 20b) and £4.2 million gains (FY2020/21: £2.2 million gains) on non-current financial assets measured at fair value (note 20c).

9) Personnel expenses

Personnel expenses during the year comprised the following:

	2022 £m	2021 £m
Wages and salaries	22.1	21.4
Performance-related cash bonuses	20.7	20.2
Share-based payments (note 10)	24.9	33.4
Social security costs	1.9	1.8
Pension costs	1.8	1.8
Other costs	2.0	1.7
Total personnel expenses	73.4	80.3

Number of employees

At 30 June 2022, the number of investment management employees of the Group (including Executive Directors) during the year was as follows:

	Average for the year ended 30 June 2022 Number	Average for the year ended 30 June 2021 Number	At 30 June 2022 Number	At 30 June 2021 Number
Total investment management employees	305	295	309	298

Directors' remuneration

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

There are retirement benefits accruing to two Executive Directors under a defined contribution scheme (FY2020/21: two).

10) Share-based payments

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

Group	2022 £m	2021 £m
Omnibus Plan	25.1	33.3
Phantom Bonus Plan	(0.2)	0.1
Total share-based payments expense	24.9	33.4

The total expense recognised for the year in respect of equity-settled share-based payment awards was £24.5 million (FY2020/21: £29.9 million), of which £0.2 million (FY2020/21: £2.5 million) relates to share awards granted to key management personnel.

The Executive Omnibus Incentive Plan (Omnibus Plan)

The Omnibus Plan was introduced prior to the Company listing in October 2006 and provides for the grant of share awards, market value options, premium cost options, discounted options, linked options, phantoms and/or nil-cost options to employees. The Omnibus Plan will
also allow bonuses to be deferred in the form of share awards with or without matching shares. Awards granted under the Omnibus Plan typically vest after five years from date of grant, with the exception of bonus awards which vest after the shorter of five years from date of grant or on the date of termination of employment. Awards under the Omnibus Plan are accounted for as equity-settled, with the exception of phantoms which are classified as cash-settled.

The combined cash and equity-settled payments below represent the share-based payments relating to the Omnibus Plan.

Total expense by year awards were granted (excluding national insurance)

Group and Company Year of grant	2022 £m	2021 £m
2016	–	2.6
2017	3.2	3.7
2018	2.9	3.8
2019	3.5	4.4
2020	3.5	3.9
2021	5.5	11.5
2022	5.7	–
Total Omnibus share-based payments expense reported in comprehensive income	24.3	29.9

Awards outstanding under the Omnibus Plan were as follows:

i) Equity-settled awards

Group and Company	2022 Number of shares subject to awards	2022 Weighted average share price	2021 Number of shares subject to awards	2021 Weighted average share price
Restricted share awards				
At the beginning of the year	19,997,393	£3.58	22,073,338	£3.27
Granted	4,423,544	£3.71	4,189,112	£3.62
Vested	(3,874,613)	£3.44	(5,945,594)	£2.47
Forfeited	(1,234,829)	£3.44	(319,463)	£3.12
Awards outstanding at year end	19,311,495	£3.65	19,997,393	£3.58
Bonus share awards				
At the beginning of the year	10,617,648	£3.58	10,693,287	£3.32
Granted	2,285,034	£3.75	2,261,160	£3.61
Vested	(1,905,089)	£3.44	(2,336,799)	£2.43
Forfeited	–	–	–	–
Awards outstanding at year end	10,997,593	£3.64	10,617,648	£3.58
Matching share awards				
At the beginning of the year	10,687,135	£3.58	10,750,311	£3.33
Granted	2,297,585	£3.75	2,273,623	£3.61
Vested	(1,881,231)	£3.44	(2,230,531)	£2.43
Forfeited	(723,744)	£3.42	(106,268)	£2.43
Awards outstanding at year end	10,379,745	£3.65	10,687,135	£3.58
Total	40,688,833	£3.65	41,302,176	£3.58

ii) Cash-settled awards

Group and Company	2022 Number of shares subject to awards	2022 Weighted average share price	2021 Number of shares subject to awards	2021 Weighted average share price
Restricted share awards				
At the beginning of the year	122,239	£3.53	141,297	£3.45
Granted	15,741	£3.75	778	£3.60
Vested	(27,700)	£3.40	(19,836)	£2.43
Forfeited	–	–	–	–
Awards outstanding at year end	110,280	£3.60	122,239	£3.53
Bonus share awards				
At the beginning of the year	80,765	£3.55	86,944	£3.47
Granted	11,276	£3.75	–	–
Vested	(11,530)	£3.40	(6,179)	£2.43
Forfeited	–	–	–	–
Awards outstanding at year end	80,511	£3.60	80,765	£3.55
Matching share awards				
At the beginning of the year	80,765	£3.55	86,944	£3.47
Granted	11,276	£3.75	–	–
Vested	(11,530)	£3.40	(6,179)	£2.43
Forfeited	–	–	–	–
Awards outstanding at year end	80,511	£3.60	80,765	£3.55
Total	271,302	£3.60	283,769	£3.54

iii) Total awards

Group and Company	2022 Number of shares subject to awards	2022 Weighted average share price	2021 Number of shares subject to awards	2021 Weighted average share price
Restricted share awards				
At the beginning of the year	20,119,632	£3.58	22,214,635	£3.27
Granted	4,439,285	£3.71	4,189,890	£3.62
Vested	(3,902,313)	£3.44	(5,965,430)	£2.47
Forfeited	(1,234,829)	£3.44	(319,463)	£3.12
Awards outstanding at year end	19,421,775	£3.65	20,119,632	£3.58
Bonus share awards				
At the beginning of the year	10,698,413	£3.58	10,780,231	£3.33
Granted	2,296,310	£3.75	2,261,160	£3.61
Vested	(1,916,619)	£3.44	(2,342,978)	£2.43
Forfeited	–	–	–	–
Awards outstanding at year end	11,078,104	£3.64	10,698,413	£3.58
Matching share awards				
At the beginning of the year	10,767,900	£3.58	10,837,255	£3.33
Granted	2,308,861	£3.75	2,273,623	£3.61
Vested	(1,892,761)	£3.44	(2,236,710)	£2.43
Forfeited	(723,744)	£3.42	(106,268)	£2.43
Awards outstanding at year end	10,460,256	£3.65	10,767,900	£3.58
Total	40,960,135	£3.65	41,585,945	£3.58

The weighted average fair value of awards granted to employees under the Omnibus Plan during the year was £3.73 (FY2020/21: £3.62), calculated based on the average Ashmore Group plc closing share price for the five business days prior to grant. For Executive Directors, the fair value of awards also takes into account the performance conditions set out in the Remuneration report.

Where the grant of restricted and matching share awards is linked to the annual bonus process, the fair value of the awards is spread over a period including the current financial year and the subsequent five years to their vesting date when the grantee becomes unconditionally entitled to the underlying shares. The fair value of the remaining awards is spread over the period from the date of grant to the vesting date.

The liability arising from cash-settled awards under the Omnibus Plan at the end of the year and reported within trade and other payables on the Group consolidated balance sheet is £0.4 million (30 June 2021: £0.8 million) of which £nil (30 June 2021: £nil) relates to vested awards.

11) Other expenses

Other expenses consist of the following:

	2022 £m	2021 £m
Travel	0.9	0.1
Professional fees	4.7	4.8
Information technology and communications	7.3	7.0
Amortisation of intangible assets (note 15)	0.2	0.2
Operating leases	0.4	0.3
Depreciation of property, plant and equipment (note 16)	2.9	2.6
Premises-related costs	1.3	1.0
Insurance	1.0	0.8
Research costs	0.4	0.5
Auditor's remuneration (see below)	0.9	0.8
Consolidated funds	1.2	1.6
Other expenses	3.9	4.3
	25.1	24.0

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

Auditor's remuneration

	2022 £m	2021 £m
Fees for statutory audit services:		
– Fees payable to the Company's auditor for the audit of the Group's accounts	0.2	0.2
– Fees payable to the Company's auditor and its associates for the audit of the Company's subsidiaries pursuant to legislation	0.5	0.4
Fees for non-audit services:		
– Other non-audit services	0.2	0.2
	0.9	0.8

12) Taxation

Analysis of tax charge for the year:

	2022 £m	2021 £m
Current tax		
UK corporation tax on profits for the year	11.1	24.4
Overseas corporation tax charge	14.9	17.3
Adjustments in respect of prior years	(0.5)	(0.4)
	25.5	41.3
Deferred tax		
Origination and reversal of temporary differences (note 18)	1.0	1.8
Effect on deferred tax balance of changes in corporation tax rates (note 18)	–	(2.4)
Tax expense	26.5	40.7

Factors affecting tax charge for the year

	2022 £m	2021 £m
Profit before tax	118.4	282.5
Profit on ordinary activities multiplied by the UK tax rate of 19% (FY2020/21: 19%)	22.5	53.7
Effects of:		
Permanent differences including non-taxable income and non-deductible expenses	4.7	(3.1)
Different rate of taxes on overseas profits	(3.3)	(3.8)
Non-deductible/(non-taxable) investment returns[1]	3.2	(4.1)
Adjustments in respect of prior years	(0.6)	–
Derecognition of deferred tax assets	–	0.4
Effect on deferred tax balances from changes in corporation tax rates	–	(2.4)
Tax expense	26.5	40.7

1. Non-taxable investment returns comprises seed capital investment gains/losses in certain jurisdictions in which the Group operates for which there are local tax exemptions.

The tax charge recognised in reserves within other comprehensive income is as follows:

	2022 £m	2021 £m
Current tax expense on foreign exchange gains	2.9	–
Tax expense recognised in reserves	2.9	–

13) Earnings per share

Basic earnings per share at 30 June 2022 of 13.42 pence (30 June 2021: 36.40 pence) is calculated by dividing the profit after tax for the financial year attributable to equity holders of the parent of £88.5 million (FY2020/21: £240.1 million) by the weighted average number of ordinary shares in issue during the year, excluding own shares.

Diluted earnings per share is calculated based on basic earnings per share adjusted for all dilutive potential ordinary shares. There is no difference between the profit for the year attributable to equity holders of the parent used in the basic and diluted earnings per share calculations.

Reconciliation of the weighted average number of shares used in calculating basic and diluted earnings per share is shown below.

	2022 Number of ordinary shares	2021 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	659,466,487	659,341,111
Effect of dilutive potential ordinary shares – share awards	42,657,852	41,926,476
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	702,124,339	701,267,587

14) Dividends

Dividends paid in the year

Company	2022 £m	2021 £m
Final dividend for 2020/21 – 12.10p (FY2019/20: 12.10p)	85.0	84.7
Interim dividend 2021/22 – 4.80p (FY2020/21: 4.80p)	33.5	33.6
	118.5	118.3

In addition, the Group paid £3.0 million (FY2020/21: £2.9 million) of dividends to non-controlling interests.

Dividends declared/proposed in respect of the year

Company	2022 pence	2021 pence
Interim dividend per share paid	4.80	4.80
Final dividend per share proposed	12.10	12.10
	16.90	16.90

On 1 September 2022, the Board proposed a final dividend of 12.10 pence per share for the year ended 30 June 2022. This has not been recognised as a liability of the Group at the year end as it has not yet been approved by shareholders. Based on the number of shares in issue at the year end that qualify to receive a dividend, the total amount payable would be £84.7 million.

15) Goodwill and intangible assets

Group	Goodwill £m	Fund management intangible assets £m	Total £m
Cost (at original exchange rate)			
At 30 June 2022 and 2021	**70.4**	**0.9**	**71.3**
Accumulated amortisation and impairment			
At 30 June 2020	–	(0.3)	(0.3)
Amortisation charge for the year	–	(0.2)	(0.2)
At 30 June 2021	–	(0.5)	(0.5)
Amortisation charge for the year	**–**	**(0.1)**	**(0.1)**
At 30 June 2022	**–**	**(0.6)**	**(0.6)**
Net book value			
At 30 June 2020	89.1	0.6	89.7
Accumulated amortisation for the year	–	(0.2)	(0.2)
Foreign exchange revaluation through reserves*	(9.0)	–	(9.0)
At 30 June 2021	80.1	0.4	80.5
Accumulated amortisation for the year	**–**	**(0.1)**	**(0.1)**
Foreign exchange revaluation through reserves*	**10.4**	**0.1**	**10.5**
At 30 June 2022	**90.5**	**0.4**	**90.9**

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

Company	Goodwill £m
Cost	
At the beginning and end of the year	4.1
Net carrying amount at 30 June 2022 and 2021	**4.1**

Goodwill

The Group's goodwill balance relates to the acquisition of subsidiaries. The Company's goodwill balance relates to the acquisition of the business from ANZ in 1999.

Goodwill acquired in a business combination is allocated to the cash-generating units that are expected to benefit from that business combination. It is the Group's judgement that the lowest level of cash-generating unit used to determine impairment is the investment management segment level. The Group has assessed that it consists of a single cash-generating unit for the purposes of monitoring and assessing goodwill for impairment. This reflects the Group's global operating model, based on a single operating platform, into which acquired businesses are fully integrated and from which acquisition-related synergies are expected to be realised. Based on this model,
the Group's investment management activities are considered as a single cash-generating unit, for which key management regularly receive and review internal financial information.

An annual impairment review of goodwill was undertaken for the year ending 30 June 2022, and no factors indicating potential impairment of goodwill were noted. Goodwill is tested for impairment annually or whenever there is an indication that the carrying amount may not be recoverable based on management's judgements regarding the future prospects of the business, market capitalisation, macroeconomic and market considerations. The key assumption used to determine the recoverable amount is based on a fair value calculation using the Company's market share price.

Based on the calculation as at 30 June 2022 using a market share price of £2.22, the recoverable amount was in excess of the carrying value of goodwill and no impairment was implied. In addition, the sensitivity of the recoverable amount to a 10% change in the Company's market share price will not lead to any impairment. Therefore, no impairment loss has been recognised in the current or preceding years.

Fund management intangible assets

Intangible assets as at 30 June 2022 comprise fund management contracts and a contractually agreed share of carried interest recognised by the Group on the acquisition of Ashmore Avenida (Real Estate) Investments LLP in July 2018. An annual impairment review was undertaken for the year ending 30 June 2022 and no factors were identified suggesting that fund management contracts intangible assets were impaired. The remaining amortisation period for fund management contracts is three years.

16) Property, plant and equipment

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

	Group £m	Company £m
Property, plant and equipment owned by the Group	1.5	1.1
Right-of-use assets	7.6	4.4
Net book value at 30 June 2022	**9.1**	**5.5**

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

Group	2022 Fixtures, fittings and equipment £m	2021 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	21.9	20.8
Right-of-use assets recognition and remeasurement	–	1.4
Additions	0.5	0.7
Foreign exchange revaluation	0.6	(1.0)
At the end of the year	23.0	21.9
Accumulated depreciation		
At the beginning of the year	10.7	9.1
Right-of-use assets recognition and remeasurement	–	(0.8)
Depreciation charge for the year	2.9	2.9
Foreign exchange revaluation	0.3	(0.5)
At the end of the year	13.9	10.7
Net book value at 30 June	9.1	11.2

Company	2022 Fixtures, fittings and equipment £m	2021 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	13.5	12.0
Right-of-use assets recognition and remeasurement	–	0.9
Additions	0.4	0.6
At the end of the year	13.9	13.5
Accumulated depreciation		
At the beginning of the year	6.8	5.2
Depreciation charge for year	1.6	1.5
At the end of the year	8.4	6.7
Net book value at 30 June	5.5	6.8

Lease arrangements

The Group leases office space in various countries and enters into operating lease agreements on office premises with remaining lease periods of two to six years. Lease terms are negotiated on an individual basis and contain varying terms and conditions depending on location. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. The Group calculates the lease liabilities using the lessee’s incremental borrowing rates that resulted in a weighted average incremental borrowing rate of 4.6% (FY2020/21: 4.5%).

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

	Group		Company	
	Right-of-use assets £m	Lease liabilities £m	Right-of-use assets £m	Lease liabilities £m
At 30 June 2020	9.9	10.2	5.7	5.9
Additions and remeasurement of lease obligations	2.2	2.2	0.9	0.9
Lease payments	–	(2.5)	–	(1.3)
Interest expense (note 8)	–	0.4	–	0.2
Depreciation charge	(2.2)	–	(1.1)	–
Foreign exchange revaluation through reserves	(0.5)	(0.5)	–	–
At 30 June 2021	9.4	9.8	5.5	5.7
Lease payments	–	(2.4)	–	(1.3)
Interest expense (note 8)	–	0.4	–	0.2
Depreciation charge	(2.1)	–	(1.1)	–
Foreign exchange revaluation through reserves	0.3	0.2	–	–
At 30 June 2022	**7.6**	**8.0**	**4.4**	**4.6**

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

	Group		Company	
Maturity analysis – contractual undiscounted cash flows	30 June 2022 £m	30 June 2021 £m	30 June 2022 £m	30 June 2021 £m
Within 1 year	2.6	2.5	1.3	1.3
Between 1 and 5 years	6.0	8.1	3.7	5.0
Later than 5 years	0.2	0.5	–	–
Total undiscounted lease liabilities	8.8	11.1	5.0	6.3
Lease liabilities are presented in the balance sheet as follows:				
Current	2.2	2.5	1.3	1.3
Non-current	5.8	7.3	3.3	4.4
Total lease liabilities	8.0	9.8	4.6	5.7
Amounts recognised under financing activities in the cash flow statement:				
Payment of lease liabilities	2.0	2.1	1.1	1.1
Interest paid	0.4	0.4	0.2	0.2
Total cash outflow for leases	2.4	2.5	1.3	1.3

17) Trade and other receivables

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Trade debtors	66.1	77.9	1.0	1.2
Prepayments	3.5	3.2	2.1	1.9
Amounts due from subsidiaries	–	–	73.8	9.1
Loans due from subsidiaries	–	–	376.9	507.7
Other receivables	4.7	2.3	3.1	1.9
Total trade and other receivables	74.3	83.4	456.9	521.8

Group trade debtors include accrued management and performance fees in respect of investment management services provided up to 30 June 2022. Management fees are received in cash when the funds' net asset values are determined, typically every month or every quarter. Performance fees are accrued when crystallised, and amounted to £0.5 million as at 30 June 2022 (30 June 2021: £0.5 million). The majority of fees are deducted from the net asset values of the respective funds by independent administrators and therefore, the credit risk of fee receivables is minimal. As at 30 June 2022, the assessed provision for expected credit losses was immaterial and the Group has not recognised any expected credit losses in the current year (30 June 2021: £nil).

Amounts due from subsidiaries for the Company represent intercompany trading balances that are repayable within one year. Loans due from subsidiaries for the Company include an intercompany loan to a subsidiary related to the provision of funding for seed capital investments and cash invested by the subsidiary in daily-traded investment funds. The intercompany loan is repayable on demand and regularly settled during the year. Under the IFRS 9 expected credit loss model, credit risk is assessed by determining the borrower's capacity to meet contractual cash flow obligations, taking into account the available net assets to repay

the intercompany balance in future periods. Expected credit losses are estimated based on the assumption that repayment is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets available to settle the balance if demanded at the reporting date, the expected credit loss has been assessed to be immaterial. In line with the Company's historical experience, and after consideration of current credit exposures, the Company does not expect to incur any credit losses and has not recognised any expected credit losses in the current year (30 June 2021: £nil).

18) Deferred taxation

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

	2022			2021		
Group	Other temporary differences £m	Share-based payments £m	Total £m	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	12.5	20.2	32.7	7.6	27.2	34.8
Deferred tax liabilities	(8.8)	–	(8.8)	(10.5)	–	(10.5)
	3.7	20.2	23.9	(2.9)	27.2	24.3

	2022			2021		
Company	Other temporary differences £m	Share-based payments £m	Total £m	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	–	18.2	18.2	–	25.1	25.1

Deferred taxes at the balance sheet date reflected in these financial statements have been measured using the relevant enacted or substantively enacted tax rate for the year in which they are expected to be realised or settled.

An increase in the main rate of UK corporation tax from 19% to 25% with effect from 1 April 2023 was enacted in the Finance Act 2021. This rate increase has been taken into account in the calculation of the Group's UK deferred tax assets and liabilities as at 30 June 2022, to the extent that they are expected to reverse after the rate increase comes into effect.

Movement of deferred tax balances

The movement in the deferred tax balances between the balance sheet dates has been reflected in the statement of comprehensive income as follows:

Group	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2020	0.8	22.9	23.7
Credited/(charged) to the consolidated statement of comprehensive income	(3.6)	4.3	0.7
Foreign exchange revaluation	(0.1)	–	(0.1)
At 30 June 2021	(2.9)	27.2	24.3
Credited/(charged) to the consolidated statement of comprehensive income	6.0	(7.0)	(1.0)
Foreign exchange revaluation	0.6	–	0.6
At 30 June 2022	3.7	20.2	23.9

Company	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2020	0.1	20.5	20.6
Credited/(charged) to the statement of comprehensive income	(0.1)	4.6	4.5
At 30 June 2021	–	25.1	25.1
Credited/(charged) to the statement of comprehensive income	–	(6.9)	(6.9)
At 30 June 2022	–	18.2	18.2

19) Fair value of financial instruments

The Group has an established control framework with respect to the measurement of fair values. This framework includes committees that have overall responsibility for all significant fair value measurements. Each committee regularly reviews significant inputs and valuation adjustments. If third-party information is used to measure fair value, the committee assesses and documents the evidence obtained from the third parties to support such valuations. There are no material differences between the carrying amounts of financial assets and liabilities and their fair values at the balance sheet date.

Fair value hierarchy

The Group measures fair values using the following fair value levels that reflect the significance of inputs used in making the measurements, based on the degree to which the fair value is observable:

- Level 1: Valuation is based upon a quoted market price in an active market for an identical instrument. This fair value measure relates to the valuation of quoted and exchange traded equity and debt securities.

- Level 2: Valuation techniques are based upon observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This fair value measure relates to the valuation of quoted equity securities in inactive markets or in interests in unlisted funds whose net asset values are referenced to the fair values of the listed or exchange traded securities held by those funds. Valuation techniques may include using a broker quote in an inactive market or an evaluated price based on a compilation of primarily observable market information utilising information readily available via external sources.
- Level 3: Fair value measurements are derived from valuation techniques that include inputs not based on observable market data.

For financial instruments that are recognised at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of the financial year.

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

				2022				2021
	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	158.8	82.7	23.6	265.1	209.0	66.7	42.4	318.1
Financial assets held for sale	–	–	–	–	–	46.2	–	46.2
Financial assets measured at FVTPL	–	32.3	–	32.3	–	39.2	1.8	41.0
Derivative financial instruments	–	–	–	–	–	1.3	–	1.3
Non-current financial assets at fair value	–	–	39.3	39.3	–	–	34.0	34.0
	158.8	115.0	62.9	336.7	209.0	153.4	78.2	440.6
Financial liabilities								
Third-party interests in consolidated funds	58.4	6.3	8.3	73.0	73.7	15.1	16.9	105.7
Financial liabilities held for sale	–	–	–	–	–	3.8	–	3.8
Derivative financial instruments	–	5.2	–	5.2	–	–	–	–
	58.4	11.5	8.3	78.2	73.7	18.9	16.9	109.5

Transfers between levels

The Group recognises transfers into and transfers out of fair value hierarchy levels at each reporting period based on assessments of price inputs used in the valuation of financial assets. During the year investments with a carrying value of £3.3 million were transferred out of level 3 into level 1 and level 2 as their fair value was determined based on observable prices. There were no transfers between level 1 and level 2 of the fair value hierarchy during the period.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the years ended 30 June 2022 and 2021:

	Investment securities £m	Financial assets measured at FVTPL £m	Non-current financial assets at fair value £m	Third-party interests in consolidated funds £m
At 30 June 2020	48.8	0.7	27.9	10.4
Additions	57.2	1.1	8.1	28.6
Disposals	(73.8)	(0.4)	(2.5)	(26.9)
Unrealised gains/(losses) recognised in finance income	11.9	0.4	2.2	4.8
Unrealised gains/(losses) recognised in reserves	(1.7)	–	(1.7)	–
At 30 June 2021	42.4	1.8	34.0	16.9
Additions	–	–	1.9	–
Disposals	(25.5)	–	(1.5)	(10.7)
Transfers out	(1.5)	(1.8)	–	–
Unrealised gains/(losses) recognised in finance income	4.4	–	3.5	2.1
Unrealised gains/(losses) recognised in reserves	3.8	–	1.4	–
At 30 June 2022	23.6	–	39.3	8.3

Valuation of level 3 financial assets recognised at fair value on a recurring basis using valuation techniques

Investments valued using valuation techniques include financial investments which, by their nature, do not have an externally quoted price based on regular trades, and financial investments for which markets are no longer active as a result of market conditions, e.g. market illiquidity. The valuation techniques used include comparison to recent arm's length transactions, market approach making reference to other instruments that are substantially the same, discounted cash flow analysis, enterprise valuation and net assets approach. These techniques may include a number of assumptions relating to variables such as interest rate and

price earnings multiples. Changes in assumptions relating to these variables could positively or negatively impact the reported fair value of these instruments. When determining the inputs into the valuation techniques used, priority is given to publicly available prices from independent sources when available, but overall the source of pricing is chosen with the objective of arriving at a fair value measurement that reflects the price at which an orderly transaction would take place between market participants on the measurement date.

The fair value estimates are made at a specific point in time, based upon available market information and judgements about the financial instruments, including estimates of the timing and amount of expected future cash flows. Such estimates could include a marketability adjustment to reflect illiquidity and/or non-transferability that could result from offering for sale at one time the Group's entire holdings of a particular financial instrument.

The following tables show the valuation techniques and the significant unobservable inputs used to estimate the fair value of level 3 investments as at 30 June 2022 and 2021, and the associated sensitivity to changes in unobservable inputs to a reasonable alternative.

Asset class and valuation technique	2022 Fair value £m	Significant unobservable inputs	Range of estimates	Sensitivity factor	Change in fair value £m
Unquoted securities					
Market multiple and discount	6.2	EBITDA multiple	10x-15x	+/- 1x	+/- 0.5
		Marketability adjustment	20%-30%	+/- 5%	-/+ 0.4
Discounted cash flow	26.3	Discount rate	10%-20%	+/- 1%	-/+ 3.6
		Marketability adjustment	10%-60%	+/- 5%	-/+ 1.5
Unquoted funds					
Net assets approach	30.4	NAV[1]	1x	+/- 5%	+/- 1.5
Total level 3 investments	62.9				

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

1. NAV priced assets include seed capital investments whose value is determined by the fund administrator using unobservable inputs. The significant unobservable inputs applied include EBITDA, market multiples, last observable vendor price and discount rates.

The sensitivity demonstrates the effect of a change in one unobservable input while other assumptions remain unchanged. There may be a correlation between the unobservable inputs and other factors that have not been considered. It should also be noted that some of the sensitivities are non-linear, therefore, larger or smaller impacts should not be interpolated or extrapolated from these results.

Financial instruments not measured at fair value

Financial assets and liabilities that are not measured at fair value include cash and cash equivalents, trade and other receivables, and trade and other payables. The carrying value of financial assets and financial liabilities not measured at fair value is considered a reasonable approximation of fair value as at 30 June 2022 and 2021.

20) Seed capital investments

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

The movements of seed capital investments and related items during the year are as follows:

Group	Financial assets held for sale £m	Financial assets measured at fair value £m	Investment securities (relating to consolidated funds)[1] £m	Other (relating to consolidated funds)[2] £m	Third-party interests in consolidated funds £m	Non-current financial assets measured at fair value[3] £m	Total £m
Carrying amount at 30 June 2020	38.6	11.6	234.5	11.8	(86.1)	28.0	238.4
Reclassification:							
HFS investments to consolidated funds	(44.1)	–	53.8	–	(9.7)	–	–
Consolidated funds to FVTPL	–	49.9	(112.0)	–	62.1	–	–
Additions	42.2	14.4	130.3	–	(57.9)	5.6	134.6
Disposals	–	(41.4)	(101.2)	–	39.2	(2.6)	(106.0)
Fair value movement	5.7	6.5	112.7	(2.2)	(53.3)	0.4	69.8
Carrying amount at 30 June 2021	42.4	41.0	318.1	9.6	(105.7)	31.4	336.8
Reclassification:							
HFS investments to consolidated funds	(39.1)	–	40.5	0.4	(1.8)	–	–
Consolidated funds to FVTPL	–	39.1	(59.5)	0.1	20.3	–	–
Additions	–	5.5	–	–	–	1.9	7.4
Disposals	(0.1)	(44.9)	(25.5)	–	10.2	(1.5)	(61.8)
Fair value movement	(3.2)	(8.4)	(8.5)	1.0	4.0	4.7	(10.4)
Carrying amount at 30 June 2022	**–**	**32.3**	**265.1**	**11.1**	**(73.0)**	**36.5**	**272.0**

1. Investment securities in consolidated funds are measured at FVTPL.
2. Relates to cash and other assets in consolidated funds that are not investment securities, see note 20(d).
3. Excludes £2.8 million of other non-current financial assets measured at fair value that are not classified as seed capital.

a) Financial assets and liabilities held for sale

Where Group companies invest seed capital into funds operated and controlled by the Group and the Group is actively seeking to reduce its investment and it is considered highly probable that it will relinquish control within a year, the interests in the funds are treated as held for sale and are recognised as financial assets and liabilities held for sale. During the year, none were seeded in this manner (FY2020/21: seven were seeded, met the above criteria, and consequently the assets and liabilities of these funds were initially classified as held for sale).

The financial assets and liabilities held for sale at 30 June 2022 were as follows:

	2022 £m	2021 £m
Financial assets held for sale	–	46.2
Financial liabilities held for sale	–	(3.8)
Financial assets held for sale	**–**	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 at FVTPL. No such fund was transferred to the FVTPL category during the year (FY2020/21: none).

If the fund remains under the control of the Group for more than one year from the original investment date, it will cease to be classified as held for sale, and will be consolidated line by line after it is assessed that the Group controls the investment fund in accordance with the requirements of IFRS 10. During the year, six such funds (FY2020/21: five) with an aggregate carrying amount of £39.1 million (FY2020/21: £44.1 million) were transferred from held for sale to consolidated funds category. There was no impact on net assets or comprehensive income as a result of the transfer.

Included within finance income are losses of £1.1 million (FY2020/21: gains of £10.8 million) in relation to financial assets held for sale.

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

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

FVTPL investments at 30 June 2022 comprise shares held in debt and equity funds as follows:

	2022 £m	2021 £m
Equity funds	15.5	33.7
Debt funds	16.8	7.3
Financial assets measured at fair value	**32.3**	41.0

Included within finance income are losses of £12.5 million (FY2020/21: 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 asset investments relate to the Group's holding in closed-end funds and are measured at FVTPL. Fair value is assessed by taking account of the extent to which potential dilution of gains or losses may arise as a result of additional investors subscribing to the fund where the final close of a fund has not occurred.

	2022 £m	2021 £m
Real estate funds	**1.5**	1.8
Infrastructure funds	**24.1**	20.2
Other funds	**10.9**	9.4
Non-current financial assets measured at fair value[1]	**36.5**	31.4

1. Excludes £2.8 million (30 June 2021: £2.6m) of other non-current financial assets measured at fair value that are not classified as seed capital

Included within finance income are gains of £4.2 million (FY2020/21: gains of £2.2 million) on the Group's non-current financial assets measured at fair value.

d) Consolidated funds

The Group has consolidated 18 investment funds as at 30 June 2022 (30 June 2021: 14 investment funds), over which the Group is deemed to have control (refer to note 25). Consolidated funds represent seed capital investments where the Group has held its position for a period greater than one year and its interest represents a controlling stake in the fund in accordance with IFRS 10. Consolidated fund assets and liabilities are presented line by line after intercompany eliminations. The table below sets out an analysis of the carrying amounts of interests held by the Group in consolidated investment funds.

	2022 £m	2021 £m
Investment securities[1]	**265.1**	318.1
Cash and cash equivalents	**10.0**	10.4
Other[2]	**1.1**	(0.8)
Third-party interests in consolidated funds	**(73.0)**	(105.7)
Consolidated seed capital investments	**203.2**	222.0

1. Investment securities represent trading securities held by consolidated investment funds and are measured at FVTPL. Note 25 provides a list of the consolidated funds by asset class, and further detailed information at the security level is available in the individual fund financial statements.
2. Other includes trade receivables, trade payables and accruals.

The maximum exposure to loss is the carrying amount of the assets held. The Group has not provided financial support or otherwise agreed to be responsible for supporting any consolidated or unconsolidated funds financially.

Included within the consolidated statement of comprehensive income are net losses of £40.5 million (FY2020/21: £72.5 million net gains) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds, as follows:

	2022 £m	2021 £m
Interest and dividend income	**5.7**	3.3
Gains/(losses) on investment securities	**(61.3)**	123.5
Change in third-party interests in consolidated funds	**16.5**	(52.6)
Audit fees	**(0.2)**	(0.1)
Other expenses	**(1.2)**	(1.6)
Net gains/(losses) on consolidated funds	**(40.5)**	72.5

Included in the Group's cash utilised in operations is £2.8 million (FY2020/21: £0.4 million cash generated from operations) relating to consolidated funds.

As of 30 June 2022, the Group's consolidated funds were domiciled in Guernsey, Luxembourg, Saudi Arabia and the United States.

21) Financial instrument risk management

Group

The Group is subject to strategic and business, client, investment, treasury and operational risks throughout its business as discussed in the Risk management section. This note discusses the Group's exposure to and management of the following principal risks which arise from the financial instruments it uses: credit risk, liquidity risk, interest rate risk, foreign exchange risk and price risk. Where the Group holds units in investment funds, classified either as financial assets held for sale, FVTPL or non-current financial assets, the related financial instrument risk disclosures in the note below categorise exposures based on the Group's direct interest in those funds without looking through to the nature of underlying securities.

Risk management is the ultimate responsibility of the Board, as noted in the Risk management section.

Capital management

It is the Group's policy that all entities within the Group have sufficient capital to meet regulatory and working capital requirements and it conducts regular reviews of its capital requirements relative to its capital resources.

In January 2022, the IFPR introduced a new capital adequacy assessment process, with the ICARA replacing the ICAAP. The ICARA shifts much of the focus away from risks that a firm faces towards the harm that it may pose to clients and markets. Ashmore has been reporting under IFPR since 1 January 2022 and will apply the ICARA approach to the calculation of the capital requirement for its UK regulated entity, AIML, in the second half of 2022.

Using a consistent approach to assessing the Group's regulatory capital requirement as was adopted under the ICAAP regime, the Board has determined the Group's capital requirement to be £125.2 million as at 30 June 2022. This is lower than the equivalent prior year figure (30 June 2021: £155.9 million) primarily because of a reduced market risk requirement as a result of the lower market value of seed capital investments.

Ashmore holds total capital resources of £788.7 million as at 30 June 2022, providing an excess of £663.5 million over the Group capital requirement.

Credit risk

The Group has exposure to credit risk from its normal activities where the risk is that a counterparty will be unable to pay in full amounts when due.

Exposure to credit risk is monitored on an ongoing basis by senior management and the Group's Risk Management and Control function. The Group has a counterparty and cash management policy in place which, in addition to other controls, restricts exposure to any single counterparty by setting exposure limits and requiring approval and diversification of counterparty banks and other financial institutions. The Group's maximum exposure to credit risk is represented by the carrying value of its financial assets measured at amortised cost. The table below lists financial assets subject to credit risk.

	Notes	2022 £m	2021 £m
Trade and other receivables	17	**74.3**	83.4
Cash and cash equivalents		**552.0**	456.1
Total		**626.3**	539.5

The Group's cash and cash equivalents, comprising short-term deposits with banks and liquidity funds, are predominantly held with counterparties with credit ratings ranging from A to AAAm as at 30 June 2022 (30 June 2021: A+ to AAAm). As at 30 June 2022, the Group held £225.7 million (30 June 2021: £333.5 million) in the Ashmore Global Liquidity Fund.

All trade and other receivables are considered to be fully recoverable at year end. They include fee debtors that arise principally within the Group's investment management business. They are monitored regularly and, historically, default levels have been insignificant. There is no significant concentration of credit risk in respect of fees owing from clients.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or other financial assets.

In order to manage liquidity risk, there is a Group Liquidity Policy to ensure that there is sufficient access to funds to cover all forecast committed requirements for the next 12 months.

The table below summarises the maturity profile of the Group's financial liabilities at 30 June 2022 and 30 June 2021 based on contractual undiscounted payments:

At 30 June 2022

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Current trade and other payables	**36.4**	**–**	**–**	**36.4**
Lease liabilities	**2.6**	**6.0**	**0.2**	**8.8**
Total	**39.0**	**6.0**	**0.2**	**45.2**

At 30 June 2021

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Current trade and other payables	45.5	–	–	45.5
Lease liabilities	2.5	8.1	0.5	11.1
Total	48.0	8.1	0.5	56.6

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The principal interest rate risk is the risk that the Group will sustain a reduction in interest income through adverse movements in interest rates. This relates to deposits with banks and liquidity funds held in the ordinary course of business. The Group has a cash management policy which monitors cash levels and returns within set parameters on a continuing basis.

Bank and similar deposits held at year end are shown on the consolidated balance sheet as cash and cash equivalents. The effective interest earned on bank and similar deposits during the year is given in the table below:

Effective interest rates applicable to bank deposits

	2022 %	2021 %
Deposits with banks and liquidity funds	0.41	0.23

At 30 June 2022, if interest rates over the year had been 50 basis points higher/lower with all other variables held constant, profit before tax for the year would have been £2.5 million higher/lower (FY2020/21: £2.3 million higher/lower), mainly as a result of higher/lower interest on cash balances. An assumption that the fair value of assets and liabilities will not be affected by a change in interest rates was used in the model to calculate the effect on profit before tax.

In addition, the Group is indirectly exposed to interest rate risk where the Group holds seed capital investments in funds that invest in debt securities.

Group

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group's revenue is almost entirely denominated in US dollars, while the majority of the Group's costs are denominated in Sterling. Consequently, the Group has an exposure to movements in the GBP:USD exchange rate. In addition, the Group operates globally, which means that it may enter into contracts and other arrangements denominated in local currencies in various countries. The Group also holds a number of seed capital investments denominated mainly in US dollars, Colombian pesos and Indonesian rupiah.

The Group's policy is to hedge a proportion of the Group's revenue by using a combination of forward foreign exchange contracts and options for a period of up to two years forward. The Group also sells US dollars at spot rates when opportunities arise.

The table below shows the Group's sensitivity to a 1% exchange movement in the US dollar, Colombian peso, Indonesian rupiah and the Euro, net of hedging activities.

	2022		2021	
Foreign currency sensitivity test	Impact on profit before tax £m	Impact on equity £m	Impact on profit before tax £m	Impact on equity £m
US dollar +/- 1%	0.4	3.9	0.4	5.3
Colombian peso +/- 1%	0.1	0.2	0.1	0.1
Indonesian rupiah +/- 1%	–	0.1	–	0.1
Euro +/- 1%	–	–	0.1	0.1

Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of market changes.

Seed capital

The Group is exposed to the risk of changes in market prices in respect of seed capital investments. Such price risk is borne by the Group directly through interests in financial assets measured at fair value or indirectly either through line-by-line consolidation of underlying financial performance and positions held in certain funds. Details of seed capital investments held are given in note 20.

The Group has procedures defined by the Board governing the appraisal, approval and monitoring of seed capital investments.

At 30 June 2022, a 5% movement in the fair value of these investments would have a £13.6 million (FY2020/21: £16.8 million) impact on net assets and profit before tax.

Management and performance fees

The Group is also indirectly exposed to price risk in connection with the Group's management fees, which are based on a percentage of value of AuM, and fees based on performance. Movements in market prices, exchange and interest rates could cause the AuM to fluctuate, which in turn could affect fees earned. Performance fee revenues could also be reduced depending upon market conditions.

Management and performance fees are diversified across a range of investment themes and are not measurably correlated to any single market index in Emerging Markets. In addition, the policy of having funds with year ends staged throughout the financial year has meant that in periods of steep market decline, some performance fees have still been recorded. The profitability impact is likely to be less than this, as cost mitigation actions would apply, including the reduction of the variable compensation paid to employees.

Using the year end AuM level of US$64.0 billion and applying the year's average net management fee rate of 39bps, a 5% movement in AuM would have a US$12.5 million impact, equivalent to £10.3 million using a year end exchange rate of 1.2145, on management fee revenues (FY2020/21: US$94.4 billion and applying the year's average net management fee rate of 41bps, a 5% movement in AuM would have a US$19.4 million impact, equivalent to £14.0 million using a year end exchange rate of 1.3815, on management fee revenues).

Hedging activities

The Group uses forward and option contracts to hedge its exposure to foreign currency risk. These hedges, which have been assessed as effective cash flow hedges as at 30 June 2022, protect a proportion of the Group's revenue cash flows from foreign exchange movements. The cumulative fair value of the outstanding foreign exchange hedges liability at 30 June 2022 was £5.2 million and is included within the Group's derivative financial instrument liabilities (30 June 2021: £1.3 million foreign exchange hedges asset included in derivative financial assets).

The notional and fair values of foreign exchange hedging instruments were as follows:

	2022		2021	
	Notional amount US$m	Fair value assets/ (liabilities) £m	Notional amount US$m	Fair value assets/ (liabilities) £m
Cash flow hedges				
Foreign exchange nil-cost option collars	100.0	(5.2)	100.0	1.3
	100.0	(5.2)	100.0	1.3

The maturity profile of the Group's outstanding hedges is shown below.

Notional amount of option collars maturing:	2022 US$m	2021 US$m
Within 6 months	40.0	40.0
Between 6 and 12 months	40.0	40.0
Later than 12 months	20.0	20.0
	100.0	100.0

When hedges are assessed as effective, intrinsic value gains and losses are initially recognised in other comprehensive income and later reclassified to comprehensive income as the corresponding hedged cash flows crystallise. Time value in relation to the Group's hedges is excluded from being part of the hedging item and, as a result, the net unrealised loss related to the time value of the hedges is recognised in the consolidated statement of comprehensive income for the year.

An intrinsic value loss of £6.0 million (FY2020/21: £1.2 million gain) on the Group's hedges has been recognised through other comprehensive income and a £0.5 million intrinsic value loss (FY2020/21: £1.8 million intrinsic value gain) was reclassified from equity to the statement of comprehensive income in the year.

Included within the net realised and unrealised hedging gain of £6.3 million (note 7) recognised at 30 June 2022 (30 June 2021: £9.2 million gain) are:

- a £0.5 million loss in respect of foreign exchange hedges covering net management fee income for the financial year ending 30 June 2022 (FY2020/21: £1.8 million gain); and
- a £6.8 million gain in respect of crystallised foreign exchange contracts (FY2020/21: £7.4 million gain).

Company

The risk management processes of the Company, including those relating to the specific risk exposures covered below, are aligned with those of the Group as a whole unless stated otherwise.

In addition, the risk definitions that apply to the Group are also relevant for the Company.

Credit risk

The Company's maximum exposure to credit risk is represented by the carrying value of its financial assets. The table below lists financial assets subject to credit risk.

	2022 £m	2021 £m
Cash and cash equivalents	159.7	86.1
Trade and other receivables	456.9	521.8
Total	616.6	607.9

The Company's cash and cash equivalents comprise short-term deposits held with banks and liquidity funds which have credit ratings ranging from A to AAAm as at 30 June 2022 (30 June 2021: A to AAAm).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2021: none overdue).

Liquidity risk

The Company's exposure to liquidity risk is not considered to be material and, therefore, no further information is provided.

Details on other commitments are provided in note 29.

Company

Interest rate risk

The principal interest rate risk for the Company is that it could sustain a reduction in interest revenue from bank deposits held in the ordinary course of business through adverse movements in interest rates.

Bank and similar deposits held at year end are shown on the Company's balance sheet as cash and cash equivalents. The effective interest earned on bank and similar deposits during the year is given in the table below:

Effective interest rates applicable to bank deposits

	2022 %	2021 %
Deposits with banks and liquidity funds	**0.46**	0.28

At 30 June 2022, if interest rates over the year had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been £0.6 million higher/lower (FY2020/21: £0.4 million higher/lower), mainly as a result of higher/lower interest on cash balances. An assumption that the fair value of assets and liabilities will not be affected by a change in interest rates was used in the model to calculate the effect on post-tax profits.

Foreign exchange risk

The Company is exposed primarily to foreign exchange risk in respect of US dollar cash balances and US dollar-denominated intercompany balances. However, such risk is not hedged by the Company.

At 30 June 2022, if the US dollar had strengthened/weakened by 1% against Sterling with all other variables held constant, profit before tax for the year would have increased/decreased by £3.6 million (FY2020/21: increased/decreased by £4.9 million).

22) Share capital

Authorised share capital

Group and Company	2022 Number of shares	2022 Nominal value £'000	2021 Number of shares	2021 Nominal value £'000
Ordinary shares of 0.01p each	**900,000,000**	**90**	900,000,000	90

Issued share capital – allotted and fully paid

Group and Company	2022 Number of shares	2022 Nominal value £'000	2021 Number of shares	2021 Nominal value £'000
Ordinary shares of 0.01p each	**712,740,804**	**71**	712,740,804	71

All the above ordinary shares represent equity of the Company and rank pari passu in respect of participation and voting rights.

At 30 June 2022, there were equity-settled share awards issued under the Omnibus Plan totalling 40,688,833 (30 June 2021: 41,302,176) shares that have release dates ranging from August 2022 to March 2027. Further details are provided in note 10.

23) Own shares

The Trustees of the Ashmore 2004 Employee Benefit Trust (EBT) acquire and hold shares in Ashmore Group plc with a view to facilitating the vesting of share awards. As at 30 June 2022, the EBT owned 55,512,301 (30 June 2021: 52,345,869) ordinary shares of 0.01p with a nominal value of £5,551 (30 June 2021: £5,235) and shareholders' funds are reduced by £187.6 million (30 June 2021: £179.8 million) in this respect. The EBT is periodically funded by the Company for these purposes.

24) Trade and other payables

	Group 2022 £m	Group 2021 £m	Company 2022 £m	Company 2021 £m
Current				
Trade payables	**15.8**	19.3	**2.4**	2.8
Accruals and provisions	**20.6**	26.2	**11.4**	16.6
Amounts due to subsidiaries	**–**	–	**29.7**	83.1
Total trade and other payables	**36.4**	45.5	**43.5**	102.5

25) Interests in subsidiaries

Operating subsidiaries held by the Company

There were no movements in investments in subsidiaries held by the Company during the year.

Company	2022 £m	2021 £m
Cost		
At 30 June 2022 and 2021	19.9	19.9

In the opinion of the Directors, the following subsidiary undertakings principally affected the Group's results or financial position at 30 June 2022. A full list of the Group's subsidiaries and all related undertakings is disclosed in note 33.

Name	Country of incorporation/ formation and principal place of operation	% of equity shares held by the Group
Ashmore Investments (UK) Limited	England	100.00
Ashmore Investment Management Limited	England	100.00
Ashmore Investment Advisors Limited	England	100.00
Ashmore Management Company Colombia SAS	Colombia	61.20
Ashmore CAF-AM Management Company SAS	Colombia	53.66
Ashmore Avenida (Real Estate) Investments LLP	Colombia	56.00
Ashmore Management Company Limited	Guernsey	100.00
Ashmore Investment Management India LLP	India	100.00
PT Ashmore Asset Management Indonesia Tbk	Indonesia	60.04
Ashmore Investment Management (Ireland) Limited	Ireland	100.00
Ashmore Japan Co. Limited	Japan	100.00
Ashmore Investments (Holdings) Limited	Mauritius	100.00
Ashmore Investments Saudi Arabia	Saudi Arabia	100.00
Ashmore Investment Management (Singapore) Pte. Ltd.	Singapore	100.00
Ashmore Investment Management (US) Corporation	USA	100.00
Ashmore Investment Advisors (US) Corporation	USA	100.00

Consolidated funds

The Group consolidated the following 18 investment funds as at 30 June 2022 over which the Group is deemed to have control:

Name	Type of fund	Country of incorporation/ principal place of operation	% of net asset value held by the Group
Ashmore Emerging Markets Debt and Currency Fund Limited	Alternatives	Guernsey	57.88
Ashmore SICAV Emerging Markets Corporate Debt ESG Fund	Corporate debt	Luxembourg	100.00
Ashmore SICAV Emerging Markets Equity ESG Fund	Equity	Luxembourg	99.89
Ashmore SICAV Emerging Markets Indonesian Equity Fund	Equity	Luxembourg	100.00
Ashmore SICAV Emerging Markets Global Small-Cap Equity Fund	Equity	Luxembourg	41.16
Ashmore SICAV Emerging Markets Middle East Equity Fund	Equity	Luxembourg	88.00
Ashmore SICAV Emerging Markets IG Total Return Fund	Blended debt	Luxembourg	100.00
Ashmore SICAV Emerging Markets Total Return ESG Fund	Blended debt	Luxembourg	99.95
Ashmore SICAV Emerging Markets Sovereign Debt ESG Fund	External debt	Luxembourg	100.00
Ashmore SICAV Emerging Markets Volatility-Managed Local Currency Bond Fund	Local currency	Luxembourg	100.00
Ashmore SICAV Emerging Markets China Bond Fund	Local currency	Luxembourg	69.78
Ashmore Saudi Equity Fund	Equity	Saudi Arabia	95.78
Ashmore Growing Multi Strategy Fund Limited	Equity	Guernsey	100.00
Ashmore Emerging Markets Equity ESG Fund	Equity	USA	100.00
Ashmore Emerging Markets Short Duration Select Fund	Equity	USA	100.00
Ashmore Emerging Markets Investment Grade Income Fund	Corporate debt	USA	100.00
Ashmore Emerging Markets Corporate Debt ESG Fund	Corporate debt	USA	100.00
Ashmore Emerging Markets Local Currency Bond Fund	Local currency	USA	53.09

26) Investment in associates

The Group held an interest in the following associate as at 30 June 2022 that is unlisted:

Name	Type	Nature of business	Country of incorporation/ formation and principal place of operation	% of equity shares held by the Group
Taiping Fund Management Company	Associate	Investment management	China	5.23%

During the year the Group increased its interest in Ashmore Investment Management India LLP from 30% to 100% through a restructure and additional capital injection that resulted in the Group's interest being reclassified from associate to an investment in a subsidiary.

During the year the Group's interest in Taiping Fund Management Company decreased from 8.50% to 5.23% following an issue of additional shares by the investee to other parties. As a result, the Group recognised a gain on dilution of interest amounting to £1.3 million which has been reported in the consolidated statement of comprehensive income.

The movement in the carrying value of investments in associates for the year is provided below:

Associates	2022 £m	2021 £m
At the beginning of the year	0.9	0.6
Reclassification	(0.2)	–
Gain on dilution	1.3	–
Share of profit for the year	–	0.3
Foreign exchange revaluation	0.1	–
At the end of the year	2.1	0.9

The summarised financial information for the associate is shown below.

Associates	2022 £m	2021 £m
Total assets	54.5	30.1
Total liabilities	(13.3)	(21.0)
Net assets	41.2	9.1
Group's share of net assets	2.1	0.8
Revenue for the year	23.5	16.8
Profit for the year	0.8	3.6
Group's share of profit for the year	–	0.3

The carrying value of the investments in associates represents the cost of acquisition subsequently adjusted for share of profit or loss
and other comprehensive income or loss. No permanent impairment is believed to exist relating to the associate as at 30 June 2022. The Group had no undrawn capital commitments (30 June 2021: £nil) to investment funds managed by the associate.

27) Interests in structured entities

The Group has interests in structured entities as a result of the management of assets on behalf of its clients. Where the Group holds a direct interest in a closed-ended fund, private equity fund or open-ended pooled fund such as a SICAV, the interest is accounted for either as a consolidated structured entity or as a financial asset, depending on whether the Group has control over the fund or not.

The Group's interest in structured entities is reflected in the Group's AuM. The Group is exposed to movements in AuM of structured entities through the potential loss of fee income as a result of client withdrawals. Outflows from funds are dependent on market sentiment, asset performance and investor considerations. Further information on these risks can be found in the Strategic report.

Considering the potential for changes in AuM of structured entities, management has determined that the Group's unconsolidated structured entities include segregated mandates and pooled funds vehicles. Disclosure of the Group's exposure to unconsolidated structured entities has been made on this basis.

The reconciliation of AuM reported by the Group within unconsolidated structured entities is shown below.

	Total AuM US$bn	Less: AuM within consolidated funds US$bn	AuM within unconsolidated structured entities US$bn
30 June 2021	94.4	0.5	93.9
30 June 2022	**64.0**	**0.3**	**63.7**

Included in the Group's consolidated management fees of £247.0 million (FY2020/21: £276.4 million) are management fees amounting to £246.0 million (FY2020/21: £275.8 million) earned from unconsolidated structured entities.

The table below shows the carrying values of the Group's interests in unconsolidated structured entities, recognised in the Group balance sheet, which are equal to the Group's maximum exposure to loss from those interests.

	2022 £m	2021 £m
Management fees receivable	47.6	55.6
Trade and other receivables	0.8	0.6
Seed capital investments*	68.8	114.9
Total exposure	117.2	171.1

* Comprise financial assets held for sale, financial assets measured at fair value and non-current financial assets measured at fair value (refer to note 20).

The main risk the Group faces from its beneficial interests in unconsolidated structured entities arises from a potential decrease in the fair value of seed capital investments. The Group's beneficial interests in seed capital investments are disclosed in note 20. Note 21 includes further information on the Group's exposure to market risk arising from seed capital investments.

28) Related party transactions

Related parties of the Group include key management personnel, close family members of key management personnel, subsidiaries, associates, joint ventures, Ashmore funds, the EBT and The Ashmore Foundation.

Key management personnel – Group and Company

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

	2022 £m	2021 £m
Short-term benefits	0.8	1.3
Defined contribution pension costs	–	–
Share-based payment benefits (note 10)	0.2	2.5
	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 statement of comprehensive income.

Details of the remuneration of Directors are given in the Remuneration report.

During the year, there were no other transactions entered into with key management personnel (FY2020/21: none). Aggregate key management personnel interests in consolidated funds at 30 June 2022 were £62.7 million (30 June 2021: £80.2 million).

Transactions with subsidiaries – Company

Details of transactions between the Company and its subsidiaries are shown below:

	2022 £m	2021 £m
Transactions during the year		
Management fees	67.2	80.7
Net dividends	174.0	110.1
Loans repaid by/(advanced to) subsidiaries	183.8	(42.9)

Amounts receivable or payable to subsidiaries are disclosed in notes 17 and 24 respectively.

Transactions with Ashmore funds – Group

During the year, the Group received £96.2 million of gross management fees and performance fees (FY2020/21: £124.7 million) from the 99 funds (FY2020/21: 106 funds) it manages and which are classified as related parties. As at 30 June 2022, the Group had receivables due from funds of £5.8 million (30 June 2021: £8.1 million) that are classified as related parties.

Transactions with the EBT – Group and Company

The EBT has been provided with a loan facility to allow it to acquire Ashmore shares in order to satisfy outstanding unvested share awards. The EBT is included within the results of the Group and the Company. As at 30 June 2022, the loan outstanding was £163.7 million (30 June 2021: £160.0 million).

Transactions with The Ashmore Foundation – Group and Company

The Ashmore Foundation is a related party to the Group. The Foundation was set up to provide financial grants to worthwhile causes within the Emerging Markets countries in which Ashmore invests and/or operates with a view to giving back to the countries and communities. The Group donated £0.6 million to the Foundation during the year (FY2020/21: £1.0 million).

29) Commitments

The Group has undrawn investment commitments relating to seed capital investments as follows:

Group	2022 £m	2021 £m
Ashmore Andean Fund II, LP	0.1	0.1
Ashmore Avenida Colombia Real Estate Fund I (Cayman) LP	0.1	0.1
Ashmore I – CAF Colombian Infrastructure Senior Debt Fund	6.6	6.3
Ashmore KCH HealthCare Fund II	1.2	2.4
Ashmore KCH HealthCare LLC	4.4	–
Total undrawn investment commitments	12.4	8.9

Company

The Company has undrawn loan commitments to other Group entities totalling £394.1 million (30 June 2021: £203.6 million) to support their investment activities but has no investment commitments of its own (30 June 2021: none).

30) Non-controlling interests

The Group's material NCI as at 30 June 2022 was held in PT Ashmore Asset Management Indonesia Tbk (Ashmore Indonesia). Set out below is summarised financial information and the amounts disclosed are before intercompany eliminations.

	40% NCI interest Ashmore Indonesia	
Summarised balance sheet	2022 £m	2021 £m
Total assets	23.0	19.6
Total liabilities	(6.4)	(4.0)
Net assets	16.6	15.6
Non-controlling interests	13.6	13.0
Summarised statement of comprehensive income		
Net revenue	12.3	10.2
Profit for the period	5.9	5.0
Other comprehensive income/(loss)	1.6	(2.0)
Total comprehensive income	7.5	3.0
Profit allocated to NCI	3.0	1.2
Dividends paid to NCI	2.3	1.7
Summarised cash flows		
Cash flows from operating activities	6.5	3.6
Cash flows used in investing activities	(3.6)	(3.1)
Cash flows used in financing activities	(6.3)	(4.4)
Net decrease in cash and cash equivalents	(3.4)	(3.9)

31) Principal accounting estimates and judgements

The preparation of the financial statements in conformity with UK-adopted international accounting standards requires the use of certain accounting estimates, and management to exercise its judgement in the process of applying the Group's accounting policies. If such estimates and assumptions, which are based on management's best judgement at the date of preparation of the financial information, deviate from actual circumstances, the original estimates and assumptions are modified as appropriate in the period in which the circumstances change.

There are areas of the financial statements where the use of estimation is important, but where the risk of material adjustment is not significant, including the assessment of performance conditions attached to certain executive share awards (note 10), assumptions used in the valuation of level 3 seed capital investments (note 19) and deferred tax assets (note 18). The areas where judgements are made include the impairment review of goodwill and intangibles (note 15), the calculation of lease assets and liabilities (note 16) and consolidation of seed capital investments (note 20).

32) Post-balance sheet events

There are no post-balance sheet events that require adjustment or disclosure in the Group consolidated financial statements.

33) Subsidiaries and related undertakings

The following is a full list of the Ashmore Group plc subsidiaries and related undertakings as at 30 June 2022, along with the registered address and the percentage of equity owned by the Group. Related undertakings comprise significant holdings in associated undertakings, joint ventures and Ashmore sponsored public funds in which the Group owns greater than 20% interest.

Name	Classification	% voting interest	Registered address and place of incorporation
Ashmore Group plc	Subsidiary	100.00	61 Aldwych, London WC2B 4AE United Kingdom
Ashmore Investments (UK) Limited	Subsidiary	100.00	
Ashmore Investment Management Limited	Subsidiary	100.00	
Ashmore Investment Advisors Limited	Subsidiary	100.00	
Aldwych Administration Services Limited (dormant)	Subsidiary	100.00	
Ashmore Asset Management Limited[1]	Subsidiary	100.00	
Ashmore Avenida (Real Estate) Investments LLP	Subsidiary	56.00	
Ashmore Avenida Devco Holding Company Limited	Subsidiary	100.00	
Ashmore Investment Management (Ireland) Limited	Subsidiary	100.00	32 Molesworth Street, Dublin 2, D02 Y512
Ashmore Investment Management India LLP	Subsidiary	100.00	507A Kakad Chambers, Dr Annie Besant Road Worli, Mumbai 400 018, India
Ashmore Investment Advisors (India) Private Limited (in liquidation)	Subsidiary	99.82	

1. Ashmore Asset Management Limited (registered number 3888504) is exempt from the requirements relating to the audit of accounts under section 479A of the UK Companies Act 2006.

Name	Classification	% voting interest	Registered address and place of incorporation
Ashmore Investment Management (US) Corporation	Subsidiary	100.00	475 Fifth Avenue, 15th Floor New York, 10017 USA
Ashmore Investment Advisors (US) Corporation	Subsidiary	100.00	
Avenida Partners LLC	Subsidiary	100.00	200 Park Avenue South New York, 10003 USA
Avenida CREF I Manager Cayman LLC	Subsidiary	100.00	
Avenida CREF I Manager LLC	Subsidiary	100.00	
Avenida A2 Partners LLC	Subsidiary	100.00	
Avenida Colombia Member LLC	Subsidiary	83.30	
Avenida CREF II Partners LLC	Subsidiary	100.00	
Avenida CREF II GP LLC	Subsidiary	100.00	
MCA Partners LLC (in liquidation)	Subsidiary	100.00	
Avenida REF Holding SA	Subsidiary	100.00	Yamandu 1321, 11500 Montevideo Uruguay
Avenida CREF II Manager SRL	Subsidiary	99.00	
Avenida CREF Partners SRL	Subsidiary	99.00	
Avenida CREF II GP SRL	Subsidiary	85.00	
Ashmore Avenida LatAm Energy Efficient Affordable Housing Fund III GP	Subsidiary	100.00	10 rue du Château d'Eau, L-3364 Leudelange, Grand Duchy of Luxembourg
Ashmore Investment Management (Singapore) Pte. Ltd.	Subsidiary	100.00	1 George Street, #15-04, Singapore 049145
KCH Cairo Pte. Ltd.	Subsidiary	100.00	
PT Ashmore Asset Management Indonesia Tbk	Subsidiary	60.04	Pacific Century Place, 18th Floor, SCBD Lot 10, Jl. Jenderal. Sudirman Kav. 52-53 Jakarta 12190, Indonesia
Ashmore Management Company Colombia SAS	Subsidiary	61.20	Carrera 7 No. 75 -66, Office 701 & 702 Bogotá, Colombia
Ashmore-CAF-AM Management Company SAS	Subsidiary	53.66	
Ashmore Holdings Colombia S.A.S.	Subsidiary	100.00	
Ashmore Investment Advisors Colombia S.A. Sociedad Fiduciaria	Subsidiary	100.00	
Ashmore Management Backup Company S.A.S	Subsidiary	100.00	
Avenida Colombia Management Company SAS	Subsidiary	100.00	
Ashmore Avenida DP General Partner SAS	Subsidiary	100.00	
Ashmore Avenida Back Office SAS	Subsidiary	100.00	
Ashmore Peru Backup Management	Subsidiary	100.00	Av. Circunvalación del Club Golf Los Incas No. 134, Torre 1, Of. 505, Surco. Lima, Perú
Ashmore Japan Co. Limited	Subsidiary	100.00	11F, Shin Marunouchi Building 1-5-1 Marunouchi Chiyoda-ku Tokyo Japan 100-6511
Ashmore Investments (Colombia) SL	Subsidiary	100.00	c/ Hermosilla 11, 4°A, 28001 Madrid, Spain

Name	Classification	% voting interest	Registered address and place of incorporation
Ashmore Management (DIFC) Limited	Subsidiary	100.00	Unit L30-07, Level 30, ICD Brookfield Place, Dubai International Financial Centre, Dubai, UAE
Ashmore Investment Saudi Arabia	Subsidiary	100.00	3rd Floor Tower B, Olaya Towers Olaya Main Street, Riyadh, Saudi Arabia
Ashmore Saudi Equity Fund	Consolidated fund	96.05	
Ashmore AISA (Cayman) Limited	Subsidiary	100.00	Ugland House, Grand Cayman, KY1-1104, Cayman Islands
Ashmore Emerging Markets Holdings LLC	Subsidiary	100.00	
Ashmore Emerging Markets Acquisition Corp 1	Subsidiary	100.00	
AA Development Capital Investment Managers (Mauritius) LLC	Subsidiary	55.00	Les Cascades Building 33 Edith Cavell Street, Port Louis Mauritius
Ashmore Investments (Holdings) Limited	Subsidiary	100.00	

Name	Classification	% voting interest	Registered address and place of incorporation
Ashmore Management Company Limited	Subsidiary	100.00	Trafalgar Court Les Banques St Peter Port GY1 3QL Guernsey
Ashmore Global Special Situations Fund 3 (GP) Limited	Subsidiary	100.00	
Ashmore Global Special Situations Fund 4 (GP) Limited	Subsidiary	100.00	
Ashmore Global Special Situations Fund 5 (GP) Limited	Subsidiary	100.00	
Ashmore Growing Multi Strategy Fund Limited	Consolidated fund	100.00	
Ashmore Emerging Markets Debt and Currency Fund Limited	Consolidated fund	57.88	
Ashmore SICAV Emerging Markets Middle East Equity Fund	Consolidated fund	88.00	10, rue du Chateau d'Eau L-3364 Leudelange Grand-Duchy of Luxembourg
Ashmore SICAV Emerging Markets Sovereign Debt ESG Fund	Consolidated fund	100.00	
Ashmore SICAV Emerging Markets Corporate Debt ESG Fund	Consolidated fund	100.00	
Ashmore SICAV Emerging Markets China Bond Fund	Consolidated fund	69.78	
Ashmore SICAV Emerging Markets Global Small-Cap Equity Fund	Consolidated fund	41.16	
Ashmore SICAV Emerging Markets IG Total Return Fund	Consolidated fund	100.00	
Ashmore SICAV Emerging Markets Total Return ESG Fund	Consolidated fund	99.95	
Ashmore SICAV Emerging Markets Indonesian Equity Fund	Consolidated fund	100.00	
Ashmore SICAV Emerging Markets Equity ESG Fund	Consolidated fund	99.89	
Ashmore SICAV Emerging Markets Volatility-Managed LCBF	Consolidated fund	100.00	
Ashmore SICAV Emerging Markets IG Short Duration Fund	Significant holding	31.32	
Ashmore SICAV Emerging Markets Multi-Asset Fund	Significant holding	26.13	
Ashmore Emerging Markets Corporate Debt ESG Fund	Consolidated fund	100.00	50 South LaSalle Street Chicago, Illinois 60603
Ashmore Emerging Markets Investment Grade Income Fund	Consolidated fund	100.00	
Ashmore Emerging Markets Local Currency Bond Fund	Consolidated fund	53.09	
Ashmore Emerging Markets Equity ESG Fund	Consolidated fund	100.00	
Ashmore Emerging Markets Short Duration Select Fund	Consolidated fund	100.00	
Taiping Fund Management Company	Associate	5.23	Unit 101, Building No.5, 135 Handan Road, Shanghai, China

Cautionary statement regarding forward-looking statements

It is possible that this document could or may contain forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expect, estimate, intend, plan, goal, believe, will, may, should, would, could or other words of similar meaning.

Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. There are several factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in global,

political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. The Group undertakes no obligation to revise or update any forward-looking statements contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Statutory accounts

The financial information set out above does not constitute the Group's statutory accounts for the years ending 30 June 2022 or 30 June 2021. Statutory accounts for 2021 have been delivered to the registrar of companies, and those for 2022 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts for 2021 or 2022.

ALTERNATIVE PERFORMANCE MEASURES

Ashmore discloses 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 ended 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 CSCI, net revenue is total revenue less distribution costs and including FX. This provides a comprehensive view of the revenues recognised by the Group in the period.

	Reference	FY2021/22 £m	FY2020/21 £m
Total revenue	CSCI	254.4	292.9
Less:			
Distribution costs	CSCI	(3.5)	(5.5)
Add:			
Foreign exchange	CSCI	11.6	4.3
Net revenue		262.5	291.7

Net management fees

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

	Reference	FY2021/22 £m	FY2020/21 £m
Management fees	CSCI	247.0	276.4
Less:			
Distribution costs	CSCI	(3.5)	(5.5)
Net management fees		243.5	270.9

Net management fee margin

The net management fee margin is defined as the ratio of annualised management fees less distribution costs to average AuM for the period, in US$ since it is the primary currency in which fees are received and matches the Group's AuM disclosures. The average AuM excludes assets where fees are not recognised in revenues, for example AuM related to associates and joint ventures. The margin is a principal measure of the firm's revenue generating capability and is a commonly used industry performance measure.

	FY2021/22	FY2020/21
Net management fee income (US$m)	323.4	367.1
Average AuM (US$bn)	82.8	89.4
Net management fee margin (bps)	39	41

Variable compensation ratio

The variable compensation ratio is defined as the charge for VC as a proportion of 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 VC is a component of personnel expenses and comprises share-based payments and performance-related cash bonuses.

EBVCIT is operating profit excluding the charge for VC, charitable donations 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	FY2021/22 £m	FY2020/21 £m
Operating profit	CSCI	119.2	258.3
Less:			
Seed capital-related items	CSCI, Note 20d	46.2	(69.2)
Add:			
Variable remuneration	Note 9	45.6	53.6
Charitable donations		0.6	1.0
EBVCIT		211.6	243.7
VC ratio		21.5%	22.0%

EBITDA

EBITDA provides a view of the operating performance of the business before certain non-cash items, financing income and charges, and taxation.

	Reference	FY2021/22 £m	FY2020/21 £m
Operating profit	CSCI	119.2	258.3
Add:			
Depreciation & amortisation	Note 11	3.1	2.8
EBITDA		122.3	261.1

Adjusted net revenue, adjusted operating costs and adjusted EBITDA

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

	Reference	FY2021/22 £m	FY2020/21 £m
Net revenue	CSCI	262.5	291.7
Less:			
Foreign exchange translation	Note 7	(5.3)	4.9
Adjusted net revenue		257.2	296.6

	Reference	FY2021/22 £m	FY2020/21 £m
Personnel expenses	CSCI	(73.4)	(80.3)
Other expenses	CSCI	(25.1)	(24.0)
Less:			
Other expenses in consolidated funds	Note 20d	1.4	1.7
Add:			
VC % on foreign exchange translation	Note 7	1.1	(1.1)
Adjusted operating costs		(96.0)	(103.7)

	Reference	FY2021/22 £m	FY2020/21 £m
EBITDA		122.3	261.1
Less:			
Foreign exchange translation	Note 7	(5.3)	4.9
VC % on foreign exchange translation		1.1	(1.1)
Seed capital-related items	CSCI, Note 20d	46.2	(69.2)
Adjusted EBITDA		164.3	195.7

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 EPS excluding items relating to FX translation and seed capital, as described above, and the related tax impact.

	Reference	FY2021/22 pence	FY2020/21 pence
Diluted EPS	CSCI	12.6	34.2
Less:			
Foreign exchange translation	Note 7	(0.6)	0.6
Tax on foreign exchange translation (19%)		0.1	(0.1)
Seed capital-related items	CSCI, Note 8, Note 20d	7.1	(13.2)
Tax on seed capital-related items		(0.5)	1.8
Adjusted diluted EPS		18.7	23.3

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	FY2021/22 £m	FY2020/21 £m
Cash generated from operations	Consolidated cash flow statement	**182.1**	213.5
Less:			
Cash flows relating to consolidated funds	Note 20d	**2.8**	(0.4)
Operating cash flow		**184.9**	213.1
Adjusted EBITDA		**164.3**	195.7
Conversion of operating profits to cash		**113%**	109%

Capital resources

Ashmore has calculated its capital resources in a manner consistent with the ICAAP regime. Note that goodwill and intangible assets include deferred acquisition costs and foreseeable dividends relate to the proposed final dividend of 12.1 pence per share.

	Reference	30 June 2022 £m	30 June 2021 £m
Total equity	Balance sheet	**966.8**	932.7
Less deductions:			
Goodwill and intangibles	Balance sheet	**(91.3)**	(81.0)
Investments in associates	Balance sheet	**(2.1)**	(0.9)
Foreseeable dividends	Note 14	**(84.7)**	(85.7)
Capital resources		**788.7**	765.1