

Ashmore

Annual Report and
Accounts 2022



**Established
Diversified
Local**

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2022 highlights

AuM

US\$64.0bn

2021: US\$94.4bn
-32% YoY

AuM outperforming
benchmarks (3 years)

28%

2021: 57%

Net revenue

£262.5m

2021: £291.7m
-10% YoY

More information

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Adjusted EBITDA
margin

64%

2021: 66%

Profit before tax

£118.4m

2021: £282.5m
-58% YoY

Diluted EPS

12.6p

2021: 34.2p
-63% YoY

Dividends per share

16.9p

2021: 16.9p

Ashmore's strategy and business model are designed to manage through changing market conditions, maintaining a focus on the long term while ensuring a resilient performance as the shorter-term cycle evolves.

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

For three decades, Ashmore's strategy has underpinned its objective to capitalise on the long-term growth trends across Emerging Markets. At the core of its success are three characteristics that also reflect the nature of Emerging Markets:

Established

Ashmore has been a specialist Emerging Markets investor for 30 years

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Diversified

Ashmore's investment themes and actively-managed strategies cover the full spectrum of Emerging Markets liquid and illiquid asset classes

[Read more on page 20](#)

Local

Ashmore has established local asset management operations to participate fully in Emerging Markets growth trends

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Consistent focus

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.

21%

Proportion of Group AuM in equities and investment grade products, increased from 18% over the year in line with Ashmore's strategic growth and diversification objectives

64%

Adjusted EBITDA margin maintained at a high level through disciplined control of operating costs

49%

Targeted minimum reduction in portfolio carbon emissions by 2030, under the NZAM framework

US\$1.4bn

Ashmore Colombia
AuM

Spotlight on Ashmore Colombia Established

Ashmore Colombia was established in 2010 and has had a successful history of raising long-term private equity and senior debt capital to invest in domestic and regional infrastructure projects. The business added real estate capabilities in 2018 and also invests in public equities, which grew 15% YoY. The investment teams have well-established ESG processes.

Diversified

The client base has diversified over time, from local pension funds and other domestic institutional investors to include Ashmore's international clients seeking attractive long-term returns from private and public markets in the region.

Over the past 12 months, Ashmore Colombia has successfully raised more than US\$200 million into its third private equity infrastructure fund and it has clear opportunities to raise further capital into infrastructure and real estate funds.

Local

In common with Ashmore's other local asset management platforms, Ashmore Colombia's 48 employees are from the local market and are incentivised in line with the Group's philosophy that rewards performance and instils a strong team-based culture through equity ownership.

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

Powerful growth trends

For the past 30 years, the Emerging Markets have experienced powerful economic, political and social convergence trends with the developed world, that result in superior growth and myriad investment opportunities. These trends are expected to continue and underpin Ashmore's specialist focus and ability to create long-term value for clients and shareholders.

Rising wealth, significant future potential

The rapid increase in GDP per capita across emerging countries is evidence of the positive impact of policy reforms, better economic management and more accountable political frameworks.

While growth in GDP per capita has exceeded that delivered by developed countries over the past few decades, in absolute terms the Emerging Markets are currently where the developed world was in 1983. This underlines the further significant growth potential in these markets.

Dominant share of world resources

The growth potential is further supported by the Emerging Markets' dominant share of important macroeconomic factors, including:

- 58% share of world GDP (PPP basis);
- nearly US\$10 trillion of foreign exchange reserves, representing 72% of the world total; and
- 84% of the world's population lives in an emerging country.

These factors are underrepresented in the main fixed income indices, with Emerging Markets' aggregate weight of between 10% and 30%, albeit these weights are rising over time.

More significantly, developed world investors remain heavily underweight the Emerging Markets, with typically an allocation of below 10%. Over time, as the emerging world continues to deliver superior growth and investors' misperceptions are challenged, these allocations will increase to more representative levels.

Geopolitical risk and portfolio diversification

The large, diverse set of emerging countries has distinct advantages in the face of an uncertain geopolitical outlook. Many offer a 'neutral' position rather than contributing to tension, they have resilient local currency funding, and increasingly

significant trade between emerging countries and regions means that historical trading relationships can be revised to reflect the changing world.

The appropriate way to deal with geopolitical challenges is to ensure portfolio diversification, and the established, highly diversified Emerging Markets with significant local currency funding can provide attractive opportunities for investors.

Inefficiencies provide opportunities

There remain substantial inefficiencies in the Emerging Markets, compounded by investors' misperceptions or inherent biases. This provides specialist, active investment managers with opportunities to deliver outperformance by investing through market cycles and taking advantage of periods of market dislocation when these inefficiencies are greatest.

GDP per capita

Source: IMF, World Economic Outlook Database, April 2022
Purchasing power parity; international dollars

GDP/capita CAGR
2000-2021 (vs +3% in
developed world)

+5%

Share of world GDP

58%

Proportion of world
population living in an
emerging country

84%

Emerging Markets
weight in global indices

10% to 30%

Ashmore's specialist Emerging Markets focus

Specialist, active management delivering long-term investment performance

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

Strong alignment of interests

The alignment of interests between employees, clients and shareholders is critical in a cyclical business. Ashmore achieves this through its team-based approach to investment management and a remuneration philosophy that places an emphasis on performance-related pay with a significant bias to long-dated equity awards and that delivers meaningful employee equity ownership.

Resilience through market cycles

The salient characteristics of Ashmore's business model have been sustained through bull and bear markets, demonstrating resilience when confronted with more challenging market conditions.

A consistent strategy

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

Established

Establish Emerging Markets asset classes

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

[Read more on page 12](#)

Diversified

Diversify investment themes and developed world capital sources

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

[Read more on page 20](#)

Local

Mobilise Emerging Markets capital

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

[Read more on page 28](#)

Opportunity

- Developed world investors hold more than US\$100 trillion of assets and yet are profoundly underweight Emerging Markets: target allocations are less than 10% compared with global benchmark weights of approximately 10% to 30%
- The Emerging Markets investment universe continues to grow and diversify, and Ashmore strives to be at the forefront of accessing new market opportunities as they arise
- Diversifying revenue streams provides greater stability through the cycle
- Industry AuM in Emerging Markets is growing twice as fast as the developed world
- This presents a significant growth opportunity in local asset management platforms, as well as cross-border Emerging Markets opportunities over the longer term

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Progress in 2022

- The Emerging Markets allocation opportunity remains substantial, but challenging market conditions, particularly following Russia's invasion of Ukraine in February 2022, meant that investors globally sought to reduce risk
- Ashmore's equity business is growing in importance, increasing its share of AuM from 8% to 10% over the year
- The fixed income business continues to diversify, for example with investment grade products increasing from 11% to 14% of total fixed income AuM
- Broad market risk aversion, particularly in the second half, led to intermediary retail AuM falling from 8% to 5% of AuM
- The local platforms proved resilient, with aggregate AuM falling by only 3%
- Ashmore Colombia raised a third private equity fund and continues to target additional capital to invest in real assets
- AuM sourced from Emerging Markets-domiciled clients increased from 26% to 27% over the year

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Potential sources of risk

- Sentiment towards, and fundamental performance of, Emerging Markets
- Long-term investment performance
- Potential constraints on longer-term growth such as competition
- Long-term investment performance
- Managing the development of local asset management platforms in Emerging Markets

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Supporting growth

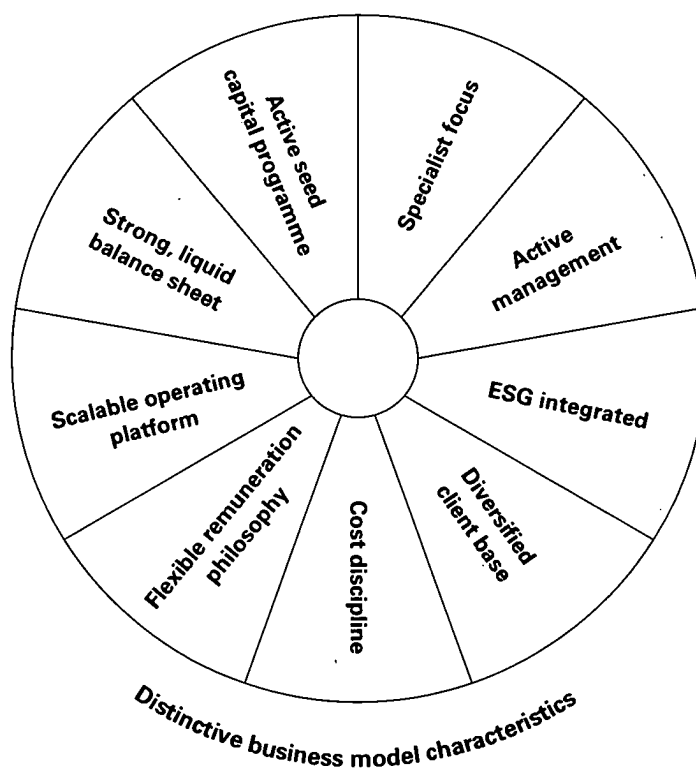
Ashmore's business model supports its growth strategy and is designed to create value for the Group's stakeholders through market cycles. The model converts the structural growth opportunities in Emerging Markets to deliver positive outcomes for Ashmore's clients, shareholders and employees as well as recognising Ashmore's responsibilities to a broader set of stakeholders including society.

Structural growth opportunities

High-return, diversified range
of Emerging Markets
asset classes

Powerful political, social and
economic convergence trends

Investor allocations have to
increase significantly to match
global index weights



Delivering value through the cycle

Strong long-term investment
performance for clients

Consistent investment process
followed since 1992

Significant alpha delivered
through market cycles

Interests aligned through employee
equity ownership

Variable remuneration biased
towards long-dated equity awards

Employee equity ownership is
approximately 40%

Value for shareholders

64% adjusted
EBITDA margin

Strong cash
generation

Progressive
dividend policy

Measuring performance

Performance measure

Assets under management

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

The average AuM level during the period, combined with the average fee margins achieved, determines the Group's management fee revenues.

Investment performance

The proportion of relevant AuM that is outperforming benchmarks on a gross basis, over one year, three years and five years. The gross basis reflects the largely institutional nature of the client base, typically with the ability to agree bespoke fee arrangements. Funds without a performance benchmark, for example overlay strategies, are excluded.

Relevance to strategy and remuneration

Ashmore's strategy seeks to capitalise on the growth trends across Emerging Markets, which should manifest itself in AuM growth over time.

Growth in AuM is a vesting performance condition for Executive Directors.

Ashmore's success is dependent on delivering investment performance consistent with clients' objectives, who typically look at performance over the medium to long term.

Investment performance is a vesting performance condition for Executive Directors.

Five-year trend

Assets under management

US\$64.0bn

2021: US\$94.4bn

Investment performance (AuM outperforming over three years)

28%

2021: 57%

Adjusted EBITDA margin

This measure provides a meaningful assessment of the Group's operating performance, excluding the mark-to-market volatility of foreign exchange translation and seed capital-related items.

Diluted EPS

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

Balance sheet strength

Ashmore maintains a strong balance sheet through the Emerging Markets cycle. This is measured by the financial resources available to the Group, which are then compared with the Group's capital requirement to provide a solvency ratio.

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

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

Growth in diluted EPS compared with benchmark indices is a vesting performance condition for Executive Directors.

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

Adjusted EBITDA margin

64%

2021: 66%

Diluted EPS

12.6p

2021: 34.2p

Solvency ratio

530%

2021: 391%

Focused on growth in established markets

Ashmore has been investing in Emerging Markets since 1992, and has established a long and successful track record of delivering investment performance for clients through market cycles.

In 1992, the bond markets were nascent and there was no benchmark index. The following year, J.P. Morgan launched the Emerging Markets Bond Index (EMBI) with 13 high-yield rated countries. The equivalent index today has 70 emerging countries, 160 issuers and comprises more than US\$1 trillion of bonds of which 52% are rated investment grade.

The Emerging Markets investment universe has grown over the past three decades. The total bond market is now US\$38 trillion and equity market capitalisation equals US\$40 trillion. This provides significant investment opportunities for global investors.

Ashmore has grown in keeping with these markets and now employs more than 300 people in 11 offices around the world and manages US\$64 billion of client assets in six dedicated Emerging Markets investment themes.

To support further growth, Ashmore maintains an operational business model that is appropriate for the cyclical markets in which it invests, with nearly £800 million of financial resources, including more than £500 million in cash, and delivering a 64% adjusted EBITDA margin.

The economic, political and social convergence trends that underpin long-term growth across Emerging Markets are well established, and provide Ashmore with substantial opportunities to deliver investment performance for clients, to grow AuM and to create value for shareholders.

Established

Ashmore has been dedicated to specialist Emerging Markets investing for 30 years, and continually seeks to provide clients with access to new investment opportunities as the markets continue to grow and evolve.

Taj Mahal, Agra, India

58%

Emerging countries' share of world GDP, having grown consistently from 42% in 1992

US\$79trn

Total value of emerging bond and equity markets, providing substantial investment opportunities

>50%

Proportion of bonds rated investment grade in external debt (52%) and corporate debt (57%) benchmark indices

Established, diversified and local

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%.

Index returns by quarter (%)

Source: Bloomberg, MSCI, J.P. Morgan

Emerging Markets investment universe

Source: Bank of America, BIS, Ashmore

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.

87%

Proportion of Emerging Markets funding in local currencies, providing resilience when faced with exogenous challenges

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.

Share of world GDP (%)

58%

Emerging Markets generate 58% of the world's GDP

Source: IMF WEO database (PPP basis)

Macro environment and outlook

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.

World inflation (CPI YoY,%)

Source: Bloomberg

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. As shown above, 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.

Emerging Markets deliver superior growth (%)

Source: IMF WEO database

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.

Sovereign external debt spread over US Treasuries (bps)

Source: J.P. Morgan

“The combination of highly attractive valuations, resilient growth and the potential easing of macro headwinds means that Emerging Markets assets should outperform.”

Challenging perceptions

The size, scale and diversity of the Emerging Markets are commonly misunderstood and underappreciated by investors. This is an inefficiency that Ashmore, as a specialist active manager, can exploit to deliver investment outperformance. However, allocations to the asset classes, and hence Ashmore's AuM growth, will benefit as investors gain more experience and a better understanding of Emerging Markets over time.

The Emerging Markets represent an exceptionally diverse set of liquid and illiquid asset classes, across more than 70 countries. These countries have different political and economic models, funding profiles, credit ratings and demographics, amongst other characteristics, that ultimately influence asset prices. Consequently, the dispersion of returns across the equity and fixed income investment universe is wide and provides substantial opportunities for active managers.

For example, over the past 12 months, the sovereign external debt benchmark index (EMBI GD) delivered a return of -21%, but among its 70 constituents the highest return was +14% and the lowest was -71%.

Ashmore's business is highly diversified and reflects the markets in which it invests, with a broad range of investment products across four fixed income themes, equities and alternatives. Under phase two of its strategy the Group seeks to achieve further diversification over time, with particular focus on growth in equities AuM, an increase in the proportion of assets sourced from intermediary retail clients, and incremental capital raising into alternatives funds. As the underlying markets continue to evolve, Ashmore expects further demand for investment grade strategies and ongoing client interest in ESG factors.

Ashmore's client base, while currently largely institutional, is diversified and balanced by type of institution and client domicile. This mitigates the inevitable impact of market cycles, with a range of client behaviours at particular points in the cycle.

Read the Business review on pages 30 to 37 for more information on Ashmore's diverse business.

Diversified

The diversity of the Emerging Markets provides opportunities for Ashmore to deliver outperformance, and diversification of its business underpins the ability to create value for shareholders through market cycles.

156

Emerging countries, of which approximately half have investable capital markets

160

Issuers represented in the EMBI GD external debt index

60

Countries represented in the CEMBI BD corporate debt index, and covering 799 issuers

Ashmore's consistent investment approach across asset classes

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

Investment committees

At the core of the philosophy in each asset class is a committee-based approach to managing client portfolios. This provides a highly institutionalised, team-based framework that results in a 'no star' culture in which no individual is single-handedly responsible for investment decisions.

Inefficient asset classes

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

Proprietary research

Ashmore's long history of specialising in Emerging Markets and its extensive network of relationships means that proprietary research is an important source of investment ideas. These insights are shared across asset classes, but importantly there is no 'house view' that has to be followed by the investment teams when constructing portfolios. Additionally, Ashmore's local office investment teams in countries such as Colombia, Saudi Arabia, India and Indonesia also interact with the global investment committees and provide valuable 'on the ground' insights as well as benefiting from global macro views to assist in their own independent investment processes.

77

Emerging Markets countries represented in portfolios

6

Local asset management operations in emerging countries

Ashmore's Emerging Markets investments and worldwide network

Active management

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

Focus on liquidity

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

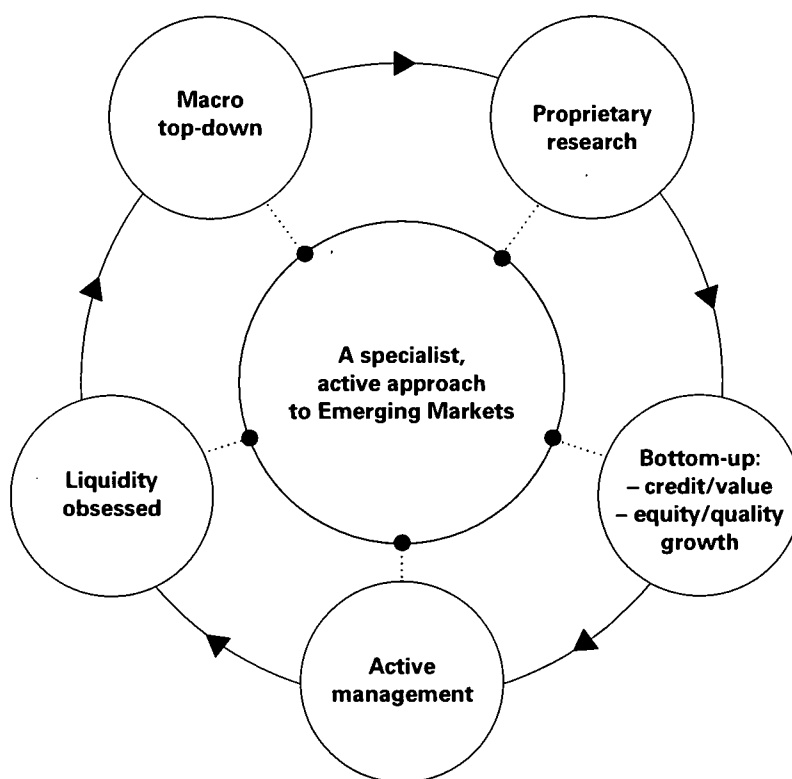
To support the management of market liquidity, the Group's global operating hubs in New York, London and Singapore provide round-the-clock trading capabilities and Ashmore has a wide range of strong, well-established counterparty trading relationships formed over three decades of specialist investing in Emerging Markets.

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

Global and local investment teams

Ashmore's common investing philosophy underpins independent decisions taken by the relevant investment committees. Fixed income and equity investment committees oversee the management of global client portfolios, and local asset management platforms invest in local and regional markets on behalf of both domestic and global clients.

However, the local and global teams collaborate and share information to assist in their independent investment management processes.



ESG integration

Ashmore recognises that non-financial factors can play an important part in ensuring sustainable growth and in building a robust and comprehensive understanding of an issuer, whether corporate or sovereign. Therefore, as a specialist Emerging Markets manager, Ashmore considers ESG factors in its investment analysis and integrates these factors into all of its investment processes, covering the fixed income, equity and alternatives asset classes.

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

In addition to ongoing engagement, both bilateral and collaborative, with issuers on ESG topics, a focus in the near term is to continue to enhance the reporting of GHG portfolio emissions to clients.

102

Investment professionals dedicated to Emerging Markets

34

Global Emerging Markets fixed income team

33

Global Emerging Markets equity team

35

Local asset management and alternatives teams

Fixed income investment process

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

The committee comprises the Chair, the relevant fixed income and multi-asset desk heads, and representatives from research, trading and risk management.

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

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

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

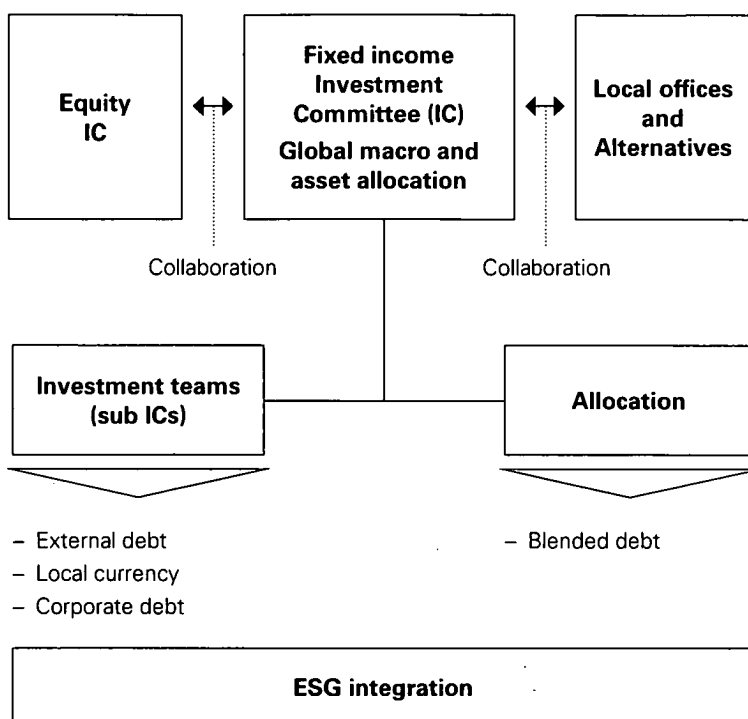
Portfolio managers have geographic responsibilities that guide their research focus, which includes meetings with government officials, central banks, regulators, company management and other contacts within Ashmore's established network.

In all themes, scenario planning plays an important part in determining the fair value of a security, and therefore identifying cases where market prices have diverged from underlying fundamentals.

The committee and its investment theme sub-committees have the flexibility to analyse, discuss and act upon market developments between the formal weekly meetings, with portfolio decisions subject to approval by the subsequent scheduled investment committee meeting.

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

Fixed income investment committee structure



Equity investment process

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

Comprehensive coverage

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

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

Committee-based approach

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

Shared research framework

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

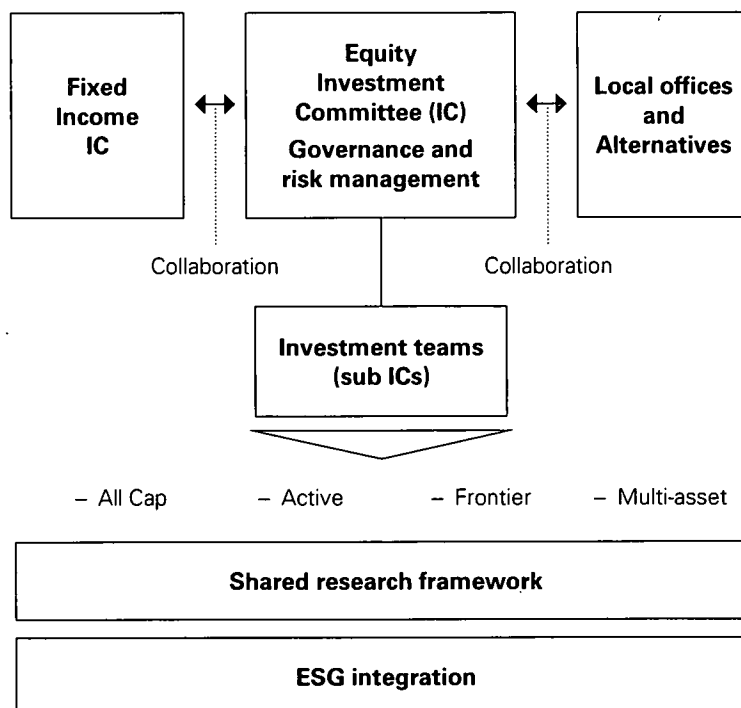
ESG fully integrated

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

Delivering investment performance

Ashmore's equity teams have delivered long-term outperformance for clients and the current volatile market environment, with a high dispersion of returns, provides further significant investment opportunities to support future alpha generation.

Equity investment committee structure



Ashmore's diverse Emerging Markets investment themes

External debt

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

Local currency

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

Corporate debt

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

Equities

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

Alternatives

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

Blended debt

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.

US\$38.4 trillion

of Emerging Markets bonds in issue

US\$33.4 trillion

of Emerging Markets debt is in
local currencies

US\$40.4 trillion

of Emerging Markets equity
market capitalisation

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%.

Local

The importance of local markets is well-established, with 94% of the Emerging Markets investment universe represented by local currency assets. These markets are growing rapidly and Ashmore seeks to benefit from this trend through establishing, supporting and growing a diversified range of local asset management platforms to complement the Group's global Emerging Markets activities.

Bogota, Colombia

Seizing the local markets opportunities

The investable capital within emerging countries is growing rapidly, approximately twice as fast as in the developed world, and while some will be invested offshore, much of it will seek domestic investment opportunities. Overall, Ashmore has a significant base of assets sourced from clients in Emerging Markets, representing 27% of Group AuM.

Ashmore is well-positioned to participate in the local market growth opportunity through the third phase of its strategy, which seeks to mobilise Emerging Markets capital, including through a distinctive set of local asset management platforms in countries with the potential for significant growth in their independent investment management industries. Ashmore has operations in Colombia, India, Indonesia, Peru, Saudi Arabia and United Arab Emirates.

Each of the platforms is different; for example Colombia predominantly manages domestic and regional real assets in closed end funds, whereas Indonesia has a focus on investing in the domestic liquid equity and fixed income markets.

However, they all share common characteristics that underpin the diversification, growth and value-creation opportunities for Ashmore:

- Independent investment management processes, interacting with and bringing local market insight to Ashmore's global investment teams
- Strong culture underpinned by local employees with equity ownership
- Ashmore retains significant equity stake and has firm governance oversight
- Common operating platform to deliver efficiency benefits

In addition to providing a conduit to strong AuM growth opportunities and diversification benefits, the potential value of the local asset management platforms is illustrated by Ashmore Indonesia. This business listed on the Jakarta Stock Exchange in January 2020 and has performed well, with the share price increasing 42% (to June 2022) and the valuation (in excess of 20x prospective earnings) is a substantial premium to developed world asset managers.

In pursuit of its strategic objectives, Ashmore will continue to explore opportunities to expand the capabilities of its existing platforms and to add additional offices to the network over time.

US\$6.9bn

Total assets managed locally, representing 11% of Group AuM

118

Employees in local operations, providing insights, diversity and a platform for further substantial AuM growth

Established business model

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.

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.

£m	Reclassification of			FY2021/22 Adjusted	FY2020/21 Adjusted
	FY2021/22 Reported	Seed capital- related items	Foreign exchange translation		
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
<i>EBITDA margin</i>	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

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%.

AuM as invested

The charts on page 32 show AuM 'as invested' by underlying investment theme, which takes account of the allocation into the underlying asset classes of the multi-asset and blended debt strategies, and of crossover investment by certain external debt funds.

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.

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

Ashmore's diverse investment themes and clients

2021 (%)

AuM by investment theme

External debt	20
Local currency	34
Corporate debt	12
Blended debt	25
Equities	8
Alternatives	1

2022 (%)

External debt	21
Local currency	32
Corporate debt	11
Blended debt	24
Equities	10
Alternatives	2

AuM as invested

External debt	32
Local currency	40
Corporate debt	19
Equities	8
Alternatives	1

External debt	33
Local currency	38
Corporate debt	17
Equities	10
Alternatives	2

AuM by investor type

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

Central banks	15
Sovereign wealth funds	22
Governments	2
Pension plans	27
Corporates/financial institutions	25
Funds/sub-advisers	3
Intermediary retail	5
Foundations/endowments	1

AuM by investor geography

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

Americas	19
Europe	32
UK	6
Middle East and Africa	17
Asia Pacific	26

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.

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.

Investment theme	Net management fees		Performance fees		Net management fee margin	
	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

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 current effective tax rate, based on its geographic mix of profits and prevailing tax rates, is approximately 17% to 18%.

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 and may contribute to Ashmore's involvement in industry initiatives such as Climate Action 100+, NZAMI and UN PRI.

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

Seoul, South Korea

Embedded risk management culture

Ashmore recognises that its strategy and business model have inherent risks, with the potential for harm to the firm, its clients and the markets in which it operates. Therefore, the Group identifies, evaluates and manages these principal and emerging risks through an established and effective internal control framework supported by an embedded risk management culture.

Overview of Ashmore's risk management and internal control systems

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

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

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

The internal control framework provides an ongoing process for identifying, evaluating and managing the Group's emerging risks and principal risks, and has been in place for the year under review and up to the date of approval of the Annual Report and Accounts. The process is regularly reviewed by the Group's Audit and Risk Committee and accords with the Guidance.

The Executive Directors oversee the key risks and controls and the risk management process on a day-to-day basis, and there is an organisational structure with clearly defined lines of responsibility and delegation of authority.

The Group's RCC meets monthly and is responsible for monitoring and assessing all relevant matters regarding risk, compliance and related internal controls.

The RCC is chaired by the Head of Risk Management and Control, and the other members are the CEO, the GFD, the Group Head of Compliance, the Group General Counsel, the Group Head of Information Technology, the Head of Fund Administration, the Head of Transaction Processing, the Group Head of Human Resources, the Group Head of Finance, the Group Head of Distribution and the Head of Internal Audit. These senior management personnel share responsibility for risk identification, with each individual being responsible for day-to-day control of risk in their business area.

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

The main features of the Group's risk management and internal control systems are described below, covering the Group's key policies, specialised committees, business processes, verification and confirmation activities.



The Group's three-phase strategy is designed to create value for shareholders through cycles by capitalising on the powerful economic, political and social convergence trends across Emerging Markets.

[Read about Ashmore's strategy on pages 6-7](#)

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

[Read about Ashmore's business model on pages 8-9](#)

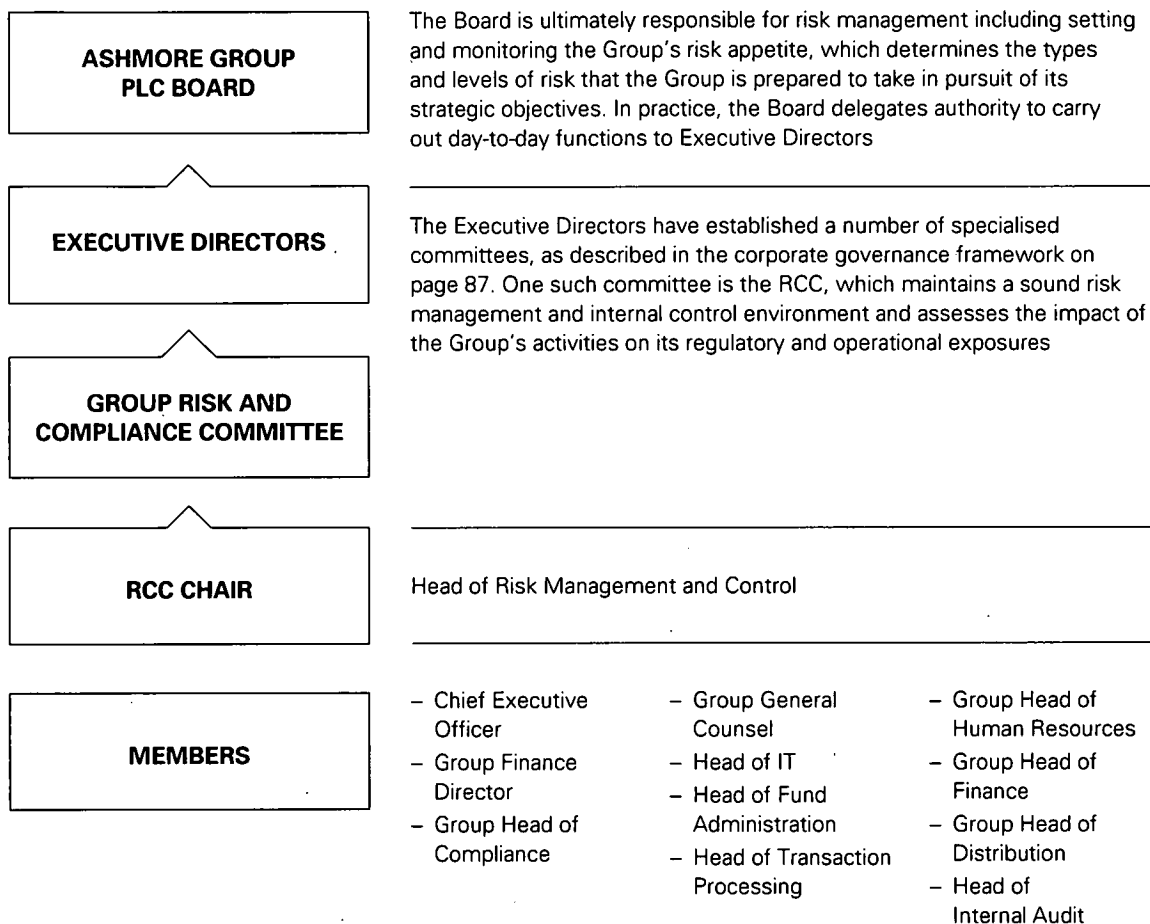
The Board has ultimate responsibility for the Group's strategy. It formally reviews the strategy at least annually and receives updates at each Board meeting.

[Read Ashmore's governance report on pages 82-89](#)

The Board is responsible for risk management, although it has delegated authority to carry out day-to-day functions to Executive Directors and specialised committees, such as the Group RCC.

[Read about Ashmore's principal risks on pages 44-45](#)

Risk management structure



1. Policies

The Board seeks to maintain a strong corporate culture, employing high standards of integrity and fair dealing in the conduct of the Group's activities, compliance with both the letter and the spirit of relevant laws and regulations, and standards of good market practice across Ashmore's activities.

Ashmore's Code of Ethics and its Compliance Manual underpin these objectives. The former sets out principles to guide employees, officers and Directors when conducting a wide range of business practices to act with integrity, and the Compliance Manual provides employees with relevant information concerning the Group's regulatory environment, to enable all employees to carry out their responsibilities in accordance with applicable laws and regulations and client guidelines.

To support its risk management and internal control framework, Ashmore has a number of policy documents, effective at both the Group and/or local business levels, and with which all employees are expected to comply. These policies serve as controls and/or mitigants over principal and emerging risks, and include:

- Data protection
- Information security
- Anti-bribery and corruption
- Conflicts of interest
- ESG
- Inducements
- Trading counterparty
- Valuation and pricing
- Media covering spokespeople, social media and reputation management
- Contact with regulators
- Whistleblowing
- FX and liquidity risk management

Additionally, the Board and its committees are responsible for a number of policies, including those listed in the table below:

- Seed capital
- Dividend
- Market abuse
- Diversity
- Group tax
- Corporate liquidity risk management
- Remuneration
- Non-audit services

2. Committees

The Board has overall responsibility for risk management, but it has delegated authority to carry out day-to-day functions to the Executive Directors and specialised committees, of which the main ones are described below.

The *Investment Committees* and their sub-committees meet weekly, monthly or quarterly depending on investment theme, and ensure that clients' funds are managed in accordance with the agreed investment strategy and policies.

The *ESG Committee* has oversight of Ashmore's responsible investing framework and focuses on the appropriate implementation of all elements of this framework across Ashmore's corporate strategy and investment management activity. This committee is also relevant to operational/governance activities.

The *Pricing Oversight Committee* supervises the effectiveness of pricing policies for all investments held in Ashmore sponsored funds where a reliable pricing source is available. This includes the responsibility to ensure that appointed third-party pricing agents carry out the agreed pricing policy faithfully and manage the pricing sources appropriately.

The *Best Execution Committee* reviews the effectiveness of trading practices across asset classes and has oversight of the regular compliance testing of trade execution.

The *Research Oversight Committee* addresses governance, oversight and ongoing reviews of third-party research procured by Ashmore.

The *Pricing Methodology and Valuation Committee* has oversight of the valuation methodologies used for clients' fund investments that cannot be readily externally priced.

The *RCC* is responsible for internal control and for assessing the impact of Ashmore's activities on the firm's regulatory and operational exposures.

The *Operating Committee* reviews the Group's financial and operating performance to focus on delivery of the Group's key strategic objectives and implementation through the Group's local subsidiaries.

The *Foreign Exchange and Liquidity Management Committee* is responsible for the oversight and management of the Group's foreign currency cash flows and balance sheet exposures, including the appropriate level of hedging, and ensures the Group meets its liquidity requirements.

2. Committees (continued)

The *IT Steering Group* ensures that the Group's IT strategy is aligned with its strategy and objectives, and has responsibility for implementing, managing and supporting the Group's IT systems and projects.

The *Product Committee* has responsibility for product governance including the launch, amendment, periodic review and closure of funds, including treating customers fairly oversight.

The *GIPS Committee* acts as the primary decision making body within the Group in relation to any changes to the existing set of composites, and approving the creation of new composites.

The *Awards Committee* has delegated authorities from the Board's Remuneration Committee to oversee certain remuneration matters including employee remuneration and contracts of employment.

The *Disclosure Committee* is responsible for considering the assessment of confidential information, determining whether it constitutes inside information and taking appropriate action in accordance with prevailing market regulations.

3. Processes

Underpinning the policies and committees, the following business processes are important components of Ashmore's risk management and internal control framework.

Compliance and risk management

The Risk Management and Control function maintains a matrix of principal and emerging risks, comprising key strategic and business, client, treasury, investment and operational risks, and considers the likelihood of those risks crystallising and the resultant impact. Senior management and the employees responsible for the risks and associated controls/mitigants review the matrix quarterly. The inherent risk within each business activity is identified, with the adequacy and mitigating effect of existing processes being assessed to determine a current residual risk level for each such activity. On the basis that the Group may employ further mitigants and/or controls over time, it defines a target residual risk for each activity and tracks progress to target as appropriate.

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

The RCC analyses KRI statistics on a frequent and regular basis. The KRIs indicate trends in the Group's risk profile, assist in the reduction of errors and potential financial losses and seek to prevent exposure by dealing with a potential risk situation before an event occurs.

The Compliance function's responsibilities and processes include ensuring that the Group meets its regulatory obligations; integrating regulatory compliance procedures and best practices within the Group including a compliance monitoring programme that covers all relevant areas of the Group's operations and the results of which are reported to the RCC; identifying any breach of compliance with applicable regulations; and real-time monitoring of client mandate investment restrictions.

Operational/governance

Ashmore has a defined operational framework and organisational structure with appropriate delegation of authority and segregation of duties and accountability, that have regard to acceptable levels of risk.

The Board reviews and updates its risk appetite statement regularly in line with Ashmore's strategy, business model, financial capacity, business opportunities, regulatory constraints and other internal and external factors.

The Group's planning framework includes a Board approved strategy. The Board reviews and challenges the strategy annually, and it receives updates on progress against strategic objectives at each scheduled Board meeting.

Ashmore is subject to the FCA's Senior Managers and Certification Regime, which requires allocation of specific responsibilities to individuals and the documentation of this through a management responsibilities map and individual job descriptions.

Financial controls are in place to ensure accurate accounting for transactions, appropriate authorisation limits to contain exposures, and reliability of data processing and integrity of information generated.

3. Processes (continued)

The Group's Finance function, managed by appropriately qualified accountants, is responsible for the preparation of the financial statements. Executive Directors and other parties review the statements, and the process includes challenge by the Board. The Finance function works in conjunction with the Group's auditors and other external advisers to ensure compliance with applicable accounting and reporting standards, prevailing regulations and industry best practice.

The Board reviews and approves an annual budget, which is subject to update through a forecasting process.

Board members receive monthly management information including accounts and other relevant reports, which highlight actual financial and operational performance against budget/forecast and the prior year period.

Ashmore has procedures and thresholds governing the appraisal and approval of corporate investments, including seeding of funds and purchase of own shares, with detailed investment and divestment approval procedures, incorporating appropriate levels of authority and regular post-investment reviews.

4. Verification

The following activities are intended to provide the Board with independent verification of the effectiveness of the Group's risk management and internal control systems.

Internal Audit is responsible for reviewing the Group's assurance map and providing an independent assessment of assurance to the Audit and Risk Committee on an annual basis. The assurance map documents the interaction of the first, second and third lines of defence with regard to the controls and mitigants relating to the Group's principal risks.

The Internal Audit function undertakes a programme of reviews of systems, processes and procedures as agreed with the Audit and Risk Committee, reporting the results together with its advice and recommendations to the Audit and Risk Committee.

The external auditors express an opinion on the annual financial statements and review the condensed set of financial statements in the half-yearly financial report, and they also review management's approach to reporting operating results and financial resources.

The Group's external auditors independently review annual control reports pursuant to ISAE 3402.

The Board, through the Audit and Risk Committee, receives half-yearly updates from the Group's external auditors, which include any control matters that have come to their attention.

Three lines of defence

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

1st

First: Risk ownership

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

2nd

Second: Risk control

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

3rd

Third: Independent assurance

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

5. Confirmation

The Board, through the Audit and Risk Committee, has conducted an annual review and assessment of the effectiveness of the Group's risk management and internal control systems, and has not identified any significant failings or weaknesses during this review.

In conducting this review, the Board and/or Audit and Risk Committee has considered periodic reports on compliance and risk matters, including reports provided by the Internal Audit function, and the annual report on risk management and internal control processes from the Group's RCC. The Board and/or Audit and Risk Committee received these reports throughout the year and up to the latest practicable date prior to the approval of the Annual Report and Accounts. The Board is satisfied that appropriate planned actions continue to be effective in improving controls as the Group develops, and its overall assessment of the control framework continues to be satisfactory.

Principal and emerging risks, controls and mitigants

The table on pages 44 to 45 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.

Longer-term viability statement

In accordance with Provision 31 of the Code, the Directors have assessed the current position and prospects of the Group over a three-year period to June 2025, which is consistent with the planning and stress testing timeframe used historically in the Group's ICAAP. The Group currently plans to use the same timeframe under the ICARA regime.

The Directors have made a robust assessment of the principal and emerging risks implicit in the business model, alongside the associated controls and mitigants, as presented in more detail on pages 44 to 45. The Board regularly reviews the Group's strategy and prospects, and management presents qualitative and quantitative assessments of the principal risks to the Audit and Risk Committee quarterly.

Regular management reporting to the Board against each risk allows the Directors to assess the effectiveness of the controls in place. The Board reviews and updates regularly the Group's Risk Appetite Statement.

The Board reviews regular information in respect of the prospects and financial planning of the Group, which includes a three-year detailed financial forecast alongside severe but plausible scenario-based downside stress testing.

The stress tests include the impact of negative investment performance, failure to comply with regulations, breach of client mandate guidelines or restrictions, a substantial decline in AuM and ineffective third-party services. Consequently, the Board regularly assesses the amount of capital that the Group is required to

hold to cover its principal risks, including the amounts required under a range of severe stress test scenarios.

The Group delivers a high level of profitability together with healthy cash flows, and has a strong and liquid balance that is able to withstand the financial impact of the range of adverse planning scenarios. Consequently, the Directors have a reasonable expectation that the Group will be able to continue in operation, meet its liabilities as they fall due and maintain sufficient regulatory capital over the next three years.

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/technical/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 specialised 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 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 FX hedging policy and FX and Liquidity Management Committee

Investment risks (Responsibility: Group Investment Committees)

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

Description of principal risks

Examples of associated controls and mitigants

Operational risks (Responsibility: RCC)

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

Ashmore's stakeholders

Section 172 statement

In accordance with the Companies Act (as amended by the Companies (Miscellaneous Reporting) Regulations 2018), the Directors provide this statement describing how they have had regard to the matters set out in section 172(1) of the Act, when performing their duty to promote the success of the Company. Further details on key actions in this regard are also contained within the Corporate governance report on pages 80 to 89 and the Directors' report on pages 128 to 133.

Section 172 factor

The likely consequences of any decision in the long term

Relevant disclosures

- Company purpose – page 1
- Strategy – page 6
- Business model – page 8

The interests of the Company's employees

- People & culture – page 50
- Remuneration report – page 95
- Sustainability – page 68

The need to foster relationships with clients, suppliers and others

- Business model – page 8
- Business review – page 30
- Directors' report – page 128
- Sustainability – page 68

The impact of the Company's operations on communities and the environment

- Sustainability report – page 68
- TCFD – page 54

The Company's desire to maintain a reputation for high standards of business conduct

- Risk management – page 38
- Sustainability – page 68
- Audit and Risk Committee report – page 90

The need to act fairly as between members of the Company

- Stakeholder engagement – page 46
- Annual General Meeting – page 133

Clients

Ashmore is a specialist Emerging Markets investment manager and manages US\$64 billion of assets as at 30 June 2022. Ashmore manages a wide range of investment strategies and products, organised under a number of broad Emerging Markets investment themes, for a diversified institutional and intermediary retail client base.

95%

AuM from institutional clients

What matters to this group?

Clients are central to Ashmore's business and the focus is understanding clients' needs, tailoring investment strategies to suit their needs, and to report back on outcomes in a transparent manner.

Clients' needs can change over time. Liability profile, applicable regulations, and additional targets and objectives in relation to climate change are just a few examples of matters that impact on clients' investment objectives. Ashmore seeks to partner with clients to guide them through these changes, and to evolve its services to meet these changing requirements. In the process, Ashmore builds long-term, collaborative, mutually beneficial client relationships based on trust.

Engagement and outcomes

Ashmore's global distribution team works closely with its dedicated portfolio managers to service clients. The distribution team

engages with current and prospective clients to learn about their requirements and build lasting relationships.

For example, the objectives, risk parameters and portfolio structure for an institutional local currency mandate have changed many times over the past 17 years. The strength of the relationship and total AuM managed have grown as the client elevated Ashmore to 'strategic partner' level, reflecting the trust built up over many years.

Ashmore worked with a client and its consultant to build a customised ESG-focused benchmark. This customised benchmark provided a first step to achieve the client's ESG objectives (beta), which was then enhanced through Ashmore's active portfolio management process (alpha), which incorporates additional ESG and carbon footprint reduction considerations when managing ESG focused mandates.

Shareholders

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

c.40%

Equity owned by employees, giving strong alignment of interests

What matters to this group?

Shareholders require a clear and consistent communication of Ashmore's strategy and business model, and information on the development of Emerging Markets.

Shareholders appreciate the strong alignment of interests with employees, achieved through long-term equity ownership.

This provides context for regular updates on financial and operational performance, together with progress towards strategic objectives.

Ashmore's resilient business model and high operating margins underpin the delivery of long-term value to shareholders through market cycles.

Engagement and outcomes

Ashmore seeks to build direct relationships with shareholders and potential investors through a comprehensive investor relations plan with a

focus on managing roadshows and other interactions in-house.

The Executive Directors meet regularly with investors and the rest of the Board is responsive to shareholder requests for engagement.

The Company held more than 140 virtual and physical meetings during the year. Consequently, the largely institutional shareholder base continues to have a good understanding of the Group's strategy and business model.

Ashmore continues to respond to feedback by enhancing disclosures relating to ESG and remuneration.

Shareholders supported all resolutions at the 2021 AGM, and Ashmore continues to engage with corporate governance teams and proxy advisers to complement its interactions with fund managers, with the objective of ensuring a comprehensive understanding of the Group's strategy and business model.

Employees

Ashmore's experienced, diverse and dedicated employees are central to the firm's culture and underpin its successful business model.

315

Employees across 11 offices

What matters to this group?

Ashmore's employees are a critical asset and central to delivering value for clients and shareholders. Employees' strong work ethic and long-term commitment are key factors enabling Ashmore to meet the needs of other stakeholders.

Ashmore's employees seek opportunities for career development and training, and to be suitably rewarded with competitive pay and benefits. Employees come from a wide range of cultures and 36 nationalities. Embracing diversity and inclusion is central to Ashmore's culture.

Engagement and outcomes

Following a return to predominantly office-based working in September 2021, the Board has focused on re-establishing face-to-face contact

with employees. This included a series of 'meet the teams' sessions with the Board, chaired by the Non-executive Director for workforce engagement, as well as regular employee newsletters and off-site team building exercises across Ashmore offices.

Ashmore has also launched a graduate recruitment and mentoring programme to help foster the next generation of diverse employees. The Culture and Conduct dashboard gives the Board clear metrics across a range of employee related topics to ensure trends can be identified and steps taken to ensure employee satisfaction, performance and accountability is upheld across the Group.

Society

Ashmore reviewed its engagement with issuers, and The Ashmore Foundation focused on the needs of post pandemic recovery and rebuilding the communities in which the Group operates, and offsetting the Group's GHG emissions.

331

ESG engagements with 228 issuers

What matters to this group?

The Ashmore Foundation engages with stakeholders to make a positive and sustainable difference to social and economic issues affecting women, young people and disadvantaged communities in Emerging Markets. Underpinning the work of the Foundation is a focus on environmental sustainability and partnering with stakeholders to create long-term impact through a systems change approach.

Ashmore reviewed its ESG engagement with issuers in its investment universe, on bilateral and collaborative bases, and its engagement with industry initiatives relating to sustainability issues.

Engagement and outcomes

The Ashmore Foundation made specific grants to support organisations delivering emergency relief services at the onset of the humanitarian crisis in Ukraine and the £1.0 million donation from

Ashmore contributed to charitable investments within the Foundation's grant portfolio.

The Group offset substantially all of its FY2020/21 CO₂ emissions through The Ashmore Foundation's support for the IDEP Foundation in Indonesia, which delivers positive environmental outcomes while simultaneously realising societal and economic benefits for communities.

In addition to its engagements with issuers, Ashmore is a public signatory to several related industry initiatives and forms part of a growing universe of responsible investment-minded investors. The majority of engagement activities with issuers related to the decarbonisation theme – particularly requests for increased disclosure of GHG emissions and climate transition plans.

Regulators

Regulatory oversight of Ashmore's investment management operations and funds and adherence to global regulatory standards is a critical part of Ashmore's governance framework.

24

Regulators overseeing
Ashmore's offices

What matters to this group?

As a global business, Ashmore works to establish positive relationships with regulators in the jurisdictions in which it operates. A constructive and engaging regulatory relationship enables Ashmore to meet the growing regulatory requirements around the world, ensuring it adheres to the rules and standards within each jurisdiction to protect clients and shareholders.

Ashmore manages its business to comply with relevant international and local requirements and to be able to meet the needs of its clients.

Engagement and outcomes

Regulatory matters, including how changes will impact Ashmore, are regularly considered by the Board and

its committees, and Ashmore's senior management holds meetings with regulators to ensure strong working relationships.

Throughout the year engagement with the FCA was focused on the impact of Russia's invasion of Ukraine and related sanctions and ESG related topics. The FCA was particularly keen to understand residual and emerging risks for clients and how such risks could be identified and mitigated.

Ashmore also engaged in regulatory questionnaires on topics of interest such as IFPR, COVID-19, cyber-crime and financial crime, and provided opinions to help inform regulatory views.

Third-party service providers

Ashmore's operating platform relies in part on high-quality service providers.

300+

Suppliers

What matters to this group?

Ashmore's network of third-party suppliers provides efficiency and scalability to the Group's operating platform. Ashmore seeks a strong, mutually beneficial working relationship and clear service standards with each of its suppliers.

Engagement and outcomes

Ashmore maintains regular communication with its suppliers including through periodic service reviews and informal meetings. Ashmore also undertakes periodic due diligence to ensure suppliers meet the standards required.

Ashmore's Supplier Code of Conduct sets out the high standards and behaviour expected of its suppliers. The Board approved an updated Supplier Code of Conduct during the year, which enhanced the Group's ability to request information on GHG emissions and employee diversity statistics. This is in addition to the Supplier Code of Conduct's existing focus on ethics, labour and human rights, health and safety and environmental compliance and sustainability.

Ashmore continued to conduct due diligence on all new third-party service providers, and to review existing providers.

Al-azhar mosque, El-Darb El-Ahmar, Egypt

Established team-based culture

Ashmore’s distinctive team-based culture is evident across the firm and instilled and maintained by factors such as the Group’s performance-based remuneration philosophy with an emphasis on long-term equity ownership, a robust compliance and risk management framework, and a clear ‘tone from the top’ imparted by the Board of Directors and senior executives.

Defining and maintaining culture

Culture is ultimately a reflection of common beliefs and behaviours, and therefore is of utmost importance in a firm whose employees are one of its key assets. Ashmore’s culture is appropriate for a specialist asset management firm operating in distinctive markets with significant long-term growth potential. Importantly, the culture aligns the interests of employees, clients, shareholders and other stakeholders over the longer term; it supports and reinforces the principal features of the business model; and it underpins the achievement of the Group’s strategic objectives.

Ashmore’s culture has persisted through many market cycles and significant growth in the firm’s operations, including the establishment of global operating hubs and distribution offices in New York, Dublin, Singapore and Tokyo, and also the development of local asset management operations in Colombia, Peru, Saudi Arabia, the United Arab Emirates, India and Indonesia.

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

Efficient, team-based operations

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

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



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

[Find out more on page 95](#)

c.40%

of Ashmore’s shares are owned by current employees

Employee age range		Length of service	
18-24 – 3%		< 1 year – 15%	13-15 years – 8%
25-34 – 22%		1-3 years – 21%	16-18 years – 2%
35-44 – 42%		4-6 years – 18%	19-21 years – 1%
45-54 – 24%		7-9 years – 28%	>22 years – 1%
55+ – 9%		10-12 years – 6%	

Nationality and ethnicity

Ashmore is proud to have a diverse workforce with employees from 36 different countries.

Nationality	Ethnicity
North America – 7%	Asian – 29%
South America – 20%	Black – 2%
Europe – 42%	Hispanic – 18%
Asia Pacific – 25%	Middle Eastern /
Middle East – 5%	North African – 5%
Africa – 1%	Mixed race – 1%
	Other – 1%
	White – 34%
	No response – 10%

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

Remuneration philosophy underpins the culture

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

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

Year end headcount

2022: 315

Commitment to people

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

High standards

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

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

Long-term employee loyalty

The effectiveness of Ashmore's commitment to and ongoing investment in its employees is demonstrated by their loyalty to the firm. As a consequence of the team-based culture and performance-based and equity-focused remuneration philosophy, Ashmore enjoys relatively low levels of unplanned staff turnover (FY2021/22: 10.5%). This means that nearly two-thirds of Ashmore's staff have been with the firm for more than four years, and approximately 20% joined the firm more than a decade ago.

Experienced and diverse workforce

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

At 30 June 2022, Ashmore's gender split was as follows.

- Board: three male and two female Directors.
- Operating Committee: 10 male and one female.
- Group employees: 200 male and 113 female.

In FY2021/22, Ashmore launched its first graduate recruitment programme in its London office, which is focused on front office roles and will support the ongoing development of a diverse workforce over the longer term. The first group of graduates will join in September 2022.

Remuneration linked to ESG factors

As described in the Remuneration report, the Directors' performance scorecards include a range of qualitative and quantitative ESG factors. Subject to the role, employees' annual performance appraisals will also include sustainability measures.

c.20%

of Ashmore's employees have more than a decade of experience with the firm

Diversity

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

Focus on employees

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

Ashmore's culture is a meritocracy that values openness, fairness and transparency and the Group is committed to developing and retaining a diverse workforce.

Ashmore's focus on Emerging Markets and its network of 11 offices with local employees mean that it is diverse from ethnicity, gender and nationality perspectives, with 67% of employees from diverse backgrounds (defined as being not white or male). One-third of the Group's employees and 50% of the Board directors are female. Recognising that the financial services sector has historically been a male-dominated industry, the firm is keen to promote gender diversity within both the industry and its own employee base.

However, Ashmore is a relatively small organisation of approximately 300 employees, with a long-standing remuneration philosophy that rewards performance and engenders long-term employee loyalty. It does not have large-scale recruitment programmes. Therefore, while Ashmore has become more diverse over the past 12 months, any significant desired changes in the

profile of the employee base must occur over time as succession occurs, new roles arise, and replacements are recruited based on merit and objective criteria without any quotas set.

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

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

“Ashmore is committed to providing equal opportunities and seeks to ensure that its workforce reflects, as far as is practicable, the diversity of the many communities in which it operates.”

Jakarta, Indonesia

Managing risks and opportunities

Ashmore is a supporter of the TCFD and welcomes the recent incorporation by the FCA of the recommended climate-related disclosures into its Listing Rules and its reporting requirements for financial services companies.

Ashmore recognises the responsibilities it has both as a premium-listed company on the London Stock Exchange and as a specialist Emerging Markets investment manager acting as a steward of clients' capital. It explicitly considers climate-related risks and opportunities in its operations and investment processes as recommended by the TCFD framework.

Environmental challenges, and specifically the effects of climate change, can be acutely felt by the Emerging Markets countries and companies in which Ashmore invests and operates. Therefore, Ashmore understands the challenges faced by emerging economies and the environmental trade-offs that can have a greater impact on emerging nations compared with developed countries. Investors from both developed and emerging economies need to invest in Emerging Markets to finance sustainable growth.

Comply or explain framework

Ashmore Group plc

In accordance with the FCA's Listing Rules for premium-listed companies, specifically LR 9.8.6R(8) and LR 9.8.6BG, Ashmore has made disclosures consistent with the 11 TCFD recommendations, including Sections C and D of the TCFD 2021 Annex, with the exception of recommendation 3 (identification of risks and opportunities), where the medium-term quantitative impact is currently uncertain, and recommendation 5 (scenario modelling), where a more detailed approach may be taken, including additional scenarios, as data and models evolve. Ashmore intends to undertake further quantitative analysis in order to make progress towards compliance with these recommendations over the next 12 months.

Investment management

Furthermore, in accordance with its timetable, Ashmore has made satisfactory progress towards complying with the FCA's new rules regarding the implementation of the TCFD recommendations and recommended disclosures for asset managers under the FCA's new ESG Sourcebook, for which the first public disclosures are due by 30 June 2023.

TCFD recommendations

Governance	Strategy	Risk management	Metrics and targets
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended disclosures	Recommended disclosures	Recommended disclosures	Recommended disclosures
- Describe the board's oversight of climate-related risks and opportunities. - Describe management's role in assessing and managing climate-related risks and opportunities.	- Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. - Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. - Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	- Describe the organisation's processes for identifying and assessing climate-related risks. - Describe the organisation's processes for managing climate-related risks. - Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.	- Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. - Describe Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks. - Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Contributing to the climate transition

Ashmore recognises that it is important for the financial sector to contribute to climate action (Sustainable Development Goal 6), and the related transition to net zero. Furthermore, the commitment by the United Kingdom, where Ashmore is headquartered, to a net zero economy has been considered as part of these disclosures.

To achieve the economic transformation required to deliver 'net zero by 2050', financial flows must become aligned with a low-carbon economy and incentivise climate mitigation and adaption. This is particularly the case in Emerging Markets where there is a

need to balance the low-carbon transition with improved access to energy and where the need for funding is paramount. Ashmore, as a specialist Emerging Markets asset manager, is ideally placed to manage those investment flows and ensure a competitive return on capital, in both public and private markets.

The main framework for asset managers in this regard is NZAMI, which Ashmore joined in July 2021. Ashmore recently submitted its NZAMI interim target, and this is expected to be the main mechanism by which Ashmore addresses climate change impact.

Progress in FY2021/22 in relation to climate action:

The Ashmore Foundation

In addition to delivering impactful social, economic and environmental outcomes, The Ashmore Foundation's partnership with IDEP Foundation in Indonesia will also offset substantially all of Ashmore's Scope 1, 2 and 3 GHG emissions for FY2020/21. The initiatives, including tree planting, are ongoing and IDEP Foundation expects to complete activities during 2022 to deliver fully the offset targets.

GHG emissions

While the return of business travel and use of the Group's offices during FY2021/22 has contributed to an increase in the Group's GHG emissions compared with the previous year, the Group remains committed to offsetting these emissions in an effective and socially responsible manner through projects overseen by The Ashmore Foundation.

Net Zero Asset Managers Initiative

Ashmore joined NZAMI in July 2021 and recently submitted its interim target.

Climate Action 100+

The Group's corporate debt team participated in a second collaborative engagement through Climate Action 100+.

Climate reporting developments

Ashmore developed GHG emission reporting for its corporate and sovereign investments, which will be made available to clients to aid them in their own TCFD reporting.

Emerging Markets focus

Ashmore published a policy position paper titled "Seven policy proposals to meet the Paris Agreement objectives", highlighting that the contrasting emissions profile of Developed and Emerging Markets had to be considered, and that equitable carbon trading and subsidy policies would incentivise greater private sector involvement in funding climate action.

Principal activities planned in FY2022/23:

The Ashmore Foundation will research and identify projects to seek to offset the Group's FY2021/22 emissions.

Ensure TCFD reporting for Ashmore's investment management activities is aligned with the FCA's ESG Sourcebook requirements by publication deadline of 30 June 2023.

Further explore climate-related forward-looking metrics.

Continue working with relevant clients to mutually agree de-carbonising strategy and targets.

The following pages present Ashmore's disclosures in relation to the TCFD framework. Where appropriate and to aid understanding, the disclosures are split between the Group's operational activities and its investment management activities.

Summary

Governance

1. The Board's oversight of climate-related risks and opportunities

In line with Ashmore's corporate governance framework, Ashmore's Board has delegated day-to-day responsibility of climate-related issues to Ashmore's Executive Directors and the Group's specialised committees. The Board is updated at least annually on the Group's Responsible Investment Strategy, which includes climate-related topics.

2. Management's role in assessing and managing climate-related risks and opportunities

The ESGC is the primary forum for responsible investment matters and is chaired by the CEO with representatives from across the Group. The assessment and management of ESG risks and opportunities within investment processes, including those related to climate, is also monitored through Ashmore's investment committees.

Strategy

3. Climate-related risks and opportunities identified over the short, medium, and long term

Over the short term, medium term, and long term, Ashmore has identified limited direct exposure to material operational climate-related risks. Identified transition risks include the evolving regulatory environment, with opportunities being the need for capital to flow to Emerging Markets to fund the low-carbon transition.

The consideration of transitional and physical climate-related risks forms part of Ashmore's ESG assessment – an integral part of the investment process.

4. The impact of climate-related risks and opportunities on businesses, strategy, and financial planning

The identified climate-related issues outlined above have not significantly affected Ashmore's business, strategy, and financial planning. The main identified impact is that relating to the development of investment solutions to respond to changing regulation and demand.

The extent to which climate-related issues, including the transition to a lower-carbon economy, impacts individual investments is assessed through the ESG scorecard.

5. The resilience of Ashmore's strategy considering different climate-related scenarios

Ashmore concludes that its operational strategy will prove to be resilient if faced with more severe effects of climate change. Ashmore continues to examine ways in which climate-related scenario analysis can be used to augment the Board's review and challenge of Ashmore's strategy and to assist in the ongoing development of the Group's investment management capabilities.

Risk management

6. Process for identifying and assessing climate-related risks

Ashmore's internal control framework provides an ongoing process for identifying, evaluating, and managing the Group's emerging and principal risks, and identifies associated controls and mitigants. This includes Ashmore's Principal Risk Matrix, which explicitly identifies climate risk.

For Ashmore's Investment Management function, climate-related risks are identified and assessed as part of the ESG scorecard.

7. Process for managing climate-related risks

Ashmore's principal risk matrix includes climate-related risks and associated controls and mitigants, and it is challenged on a quarterly basis by both the RCC and the Board's Audit and Risk Committee.

The primary tool for managing issuers' climate-related risks is the ESG scorecard, where an issuer's ESG scores are reassessed at least annually. Ashmore also manages climate-related risks through its engagement efforts with sovereign and corporate issuers on a range of climate-related topics, both directly and in collaboration with other stakeholders.

8. Integrating the identification, assessment, and management of climate-related risks into the overall risk management

Climate-related risks are considered in a similar manner to other emerging or principal risks. The identification, assessment, and management of such risks are integrated fully into Ashmore's robust risk management culture and its internal control framework.

Metrics and targets

9. Metrics used to assess climate-related risks and opportunities

Ashmore uses a combination of qualitative and quantitative approaches to assess climate-related risks and opportunities, encompassing both corporate and investment activities. These will continue to evolve in response to evolving client and regulatory requirements and industry best practice. Quantitative metrics include GHG emissions and an internal carbon price.

10. GHG emissions

The Group reports its Scope 1, 2 and 3 GHG emissions. In FY2021/22, the total was 653.9 tCO₂e. GHG emissions are now available to Ashmore's clients for individual funds and mandates.

11. Climate targets

The principal target for FY2021/22 was to offset the Group's prior year GHG emissions via The Ashmore Foundation, resulting in the offset of 203 tCO₂e.

Ashmore joined NZAMI in July 2021 and the initiative provides the primary target-setting framework for Ashmore's investment management function. The equity and corporate debt assets aligned to net zero by 2050 will be managed to a portfolio decarbonisation reduction target of at least 22% by 2025 and at least 49% by 2030.

Governance

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

1. Describe the Board's oversight of climate-related risks and opportunities.

Ashmore Group plc has a premium listing on the London Stock Exchange with a unitary Board of Directors. The Board has ultimate responsibility for the Group's strategy and maintains full and effective control over appropriate strategic, financial, operational and compliance matters, including material climate-related issues through its corporate governance framework. This framework provides for regular reporting and other updates to the Board, through which it is able to oversee progress against the Group's targets, including those relating to climate issues.

Hence, overall responsibility for climate-related risks and opportunities lies with the Board, however on a day-to-day basis the authority is delegated to the Executive Directors and the Group's specialised committees. The Board's annual review and challenge of Ashmore's strategy explicitly includes areas of focus relating to ESG and responsible investment.

It is important to note that from an operational perspective, physical climate risk has limited material impact on an asset management business, instead primarily relating to transitional climate risks, which may impact the Group's products, and costs of business travel and office use.

The consideration of climate-related issues as they relate to guiding strategy, major plans of action, risk management policies, annual budgets, and business plans is guided by the Responsible Investment Strategy presented to the CEO, extracts of which are also included and discussed in the annual update to the Board.

The consideration of climate-related issues is a core part of the investment framework applied by Ashmore's investment teams and consequently it is a component of their performance objectives. The oversight, monitoring, and implementation of a range of responsible investment activities also forms part of the performance objectives of senior management, with ESG matters being one of the areas of performance considered by the Remuneration Committee when determining variable remuneration on an annual basis for the Executive Directors.

2. Describe management's role in assessing and managing climate-related risks and opportunities.

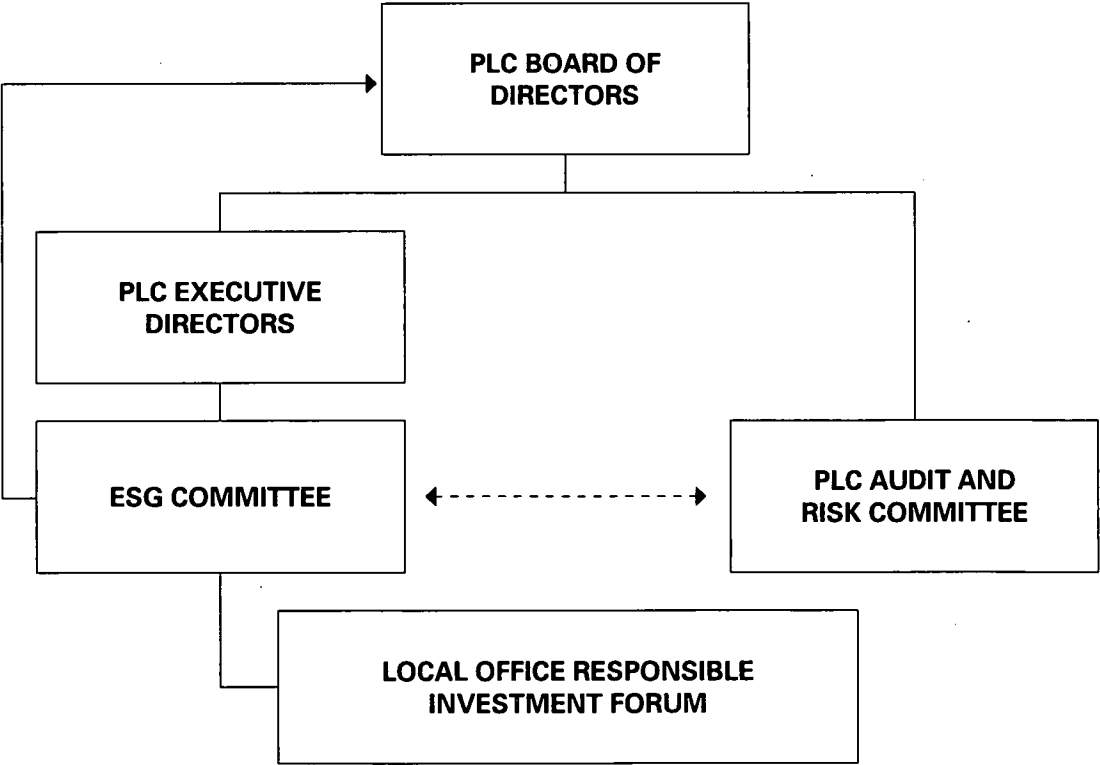
The Board has delegated certain authorities to the Executive Directors who in turn have formed several specialist committees with terms of reference to carry out the functions delegated to them. One such specialised committee is the ESGC, which is chaired by the Group CEO and with members drawn from across Ashmore's investment, distribution, risk, legal, operations and other support functions. This ensures that responsible investment topics are appropriately understood, assigned to, and discussed by all relevant areas of the firm.

The ESGC has oversight of relevant climate-related issues and the Group's Head of Responsible Investment and ESG Policy, or a delegate, provides updates to the Board. The Board is informed about goals and targets designed to address climate-related issues and these are consequently reported on the following year. Additionally, ESGC members provide the Board, its Audit and Risk Committee and the RCC with multiple formal points of contact throughout the year.

From an investment management perspective, Ashmore's investment committees are ultimately responsible for the management of client portfolios. Through the oversight by these committees, the Group has integrated the assessment and management of ESG risks and opportunities, including those related to climate, into all its investment processes, including both global and local investment platforms and all investment themes. Reports presented both at the ESGC and the relevant investment committees ensure the effective monitoring of ESG-related risks.

The processes described in the Risk management section incorporate how senior management is informed about climate-related issues and their assessment and management of such risks faced by the Group.

ESG in the context of Ashmore’s governance structure



Alexander Nevsky Cathedral, Old Town Tallinn, Estonia

Strategy

3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.

Ashmore Group plc

Ashmore considers material climate-related risks and opportunities over the short term (up to three years, which is consistent with the planning horizon under the Group's internal capital management processes), medium term (up to 10 years), and the long term (beyond 10 years). The process includes consideration of climate-related risks and opportunities through the Group's internal control and risk management framework, the activities of the ESGC including the Local Office Responsible Investment Forum, the investment committees, and the Group's financial planning.

Over the short and long term, to the extent possible, Ashmore has identified limited direct exposure to material operational climate-related risks. The medium-term opportunity relating to capital flows has been identified, but the quantitative impact relating specifically to climate change is inherently uncertain and hence Ashmore does not claim to be fully compliant with this recommendation.

Over the short term, a prominent climate-related risk that could have a material financial impact on Ashmore is the evolving climate-related regulation and industry developments, potentially leading to duplication, contradiction, and diminishing effectiveness of initiatives. Ashmore remains focused on actions that support its purpose to deliver long-term investment performance for clients and to generate value for shareholders through market cycles. While evolving regulation poses implementation risks, it also creates opportunities for an active manager to develop new products and strategies to fulfil clients' investment objectives. In line with client preferences, and through its Product Committee, Ashmore will continue to seek opportunities to manage capital to deliver appropriate investment outcomes, including those related to climate risk. Since Ashmore invests across fixed income, equity and alternatives asset classes, and its investment universe encompasses the full range of diversified Emerging Markets, these opportunities are assessed on a broad basis.

Over the medium term, there will be further opportunities to influence perceptions and methods of measuring some of the factors commonly linked to climate change. For example, investors typically view GHG emissions from a producer perspective, which is to the detriment of Emerging Markets that serve as manufacturing bases, whereas a consumer perspective would shift the emphasis to patterns of behaviour in developed markets. Developing countries will require investment capital to achieve domestic and international ambitions related to climate change. The first phase of Ashmore's corporate strategy, which explicitly targets higher allocations to Emerging Markets, and therefore a greater focus by investors on the impact of, and action required to mitigate, climate-related risks, means that more capital should continue to flow to Emerging Markets over time.

Over the long term, the most prominent climate-related risk that could have a material financial impact on Ashmore is failure to deliver on its net zero commitment.

As it relates to material physical climate-related risks, the impact of these is considered to be limited to Ashmore in the short term due to its office-based asset management model. However, given its global business model, during the year, Ashmore conducted a review of the physical climate-related risks faced by eight of its 11 offices. These include the potential for more frequent serious weather events, flooding and sustained higher ambient temperatures leading to increased demand for air conditioning.

Investment management

As they relate to Ashmore's investment management function, i.e. the Group's products and services, transitional and physical risks and opportunities form an integral part of the investment process, factored into Ashmore's investment strategies through its ESG scorecard.

3. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.
(continued)

Identified climate-related risks and opportunities for Ashmore Group plc

	Risks	Opportunities
Transition to low-carbon world	– Evolving regulatory landscape & reporting requirements (S) – Changes in consumer preferences (M) – Market-wide climate-related shocks (S) – Net-zero delivery (L)	– Product development (S) – Increased capital allocations to Emerging Markets (M)
Physical impacts of climate change	– Weather events (S) – Flooding (S) – Higher temperatures (S)	

Timeframes considered: S = short term; M = medium term; L = long term

Identified climate-related risks and opportunities for Ashmore's investment management activities

	Risks	Opportunities
Transition to low-carbon world	– Policy and regulation: Policy changes attempting to constrain actions that contribute to the adverse effects of climate change or that seek to promote adaptation. – Stranded assets: Assets devaluing due to climate change action. – Changes in consumer behaviour: The impact of policy and technology changes and shifts in supply and demand for products, services, and commodities. – Reputation: The perception of a company in contributing to or detracting from the transition to a low-carbon economy. – Litigation risks: Claims brought by property owners, municipalities, NGOs, insurers, and shareholders.	– Innovative technologies: The adoption of technological improvements and innovations that support the transition to the low-carbon economy and their ability to improve effectiveness and ultimately market demand. – Electrification – Resource efficiency: Efficiencies such as energy and waste management and the use of new technology result in direct cost savings to operations over the medium and long term. – Energy source: Moving to low-emission energy sources could see organisations save on annual energy costs. – Products and services: Innovations in products and services may enable improved competitive advantage. – Markets: Organisations that diversify their activities may be in a position to access new markets and develop new business partnerships.
Physical impacts of climate change	– Acute: Event-driven such as increased severity of extreme weather events. – Chronic: Longer-term shifts including temperature changes, rainfall, and variations in weather patterns.	– Adaption and resilience: In responding to climate change, organisations may develop new processes, systems and products that protect them from adverse impacts.

Strategy (continued)

4. Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy and financial planning.

Ashmore Group plc

The identified climate-related issues outlined above have not significantly affected Ashmore’s business, strategy, and financial planning. From an operational standpoint this is, as identified above, less material. Energy prices could pose a financial risk related to operational running costs, but it is not considered a material risk at this time. The main area of impact relates to the Group’s products and services with opportunities for its investment management activities. Ashmore’s investment processes currently incorporate investment solutions that respond to the evolving regulatory and industry requirements as they relate to climate change, including establishing net zero capabilities. For existing client portfolios, an assessment of the impact of climate-related risks and opportunities is made using the Ashmore ESG scorecard, as described below.

Ashmore will assess and act upon climate-related issues that might affect its planning processes, as appropriate, through the Group’s established processes including the Operating Committee, Investment Committees, the ESGC, the Product Committee, and via the Board’s regular strategy reviews. Thus far, no direct and material impact of climate-related

issues on Ashmore’s financial performance has been identified. Furthermore, over the medium to longer term, Ashmore’s business model provides for significant mitigating factors, such as flexibility afforded through being a leasehold tenant rather than landlord and the potential for remote working, together with regional or national government commitments to address climate-related challenges.

Investment management

The extent to which climate-related risks and opportunities, including the transition to a lower-carbon economy, impacts individual investments is assessed through the ESG scorecard.

The scoring guidelines require score deductions to be applied where environmental or climate-related issues are identified e.g. due to the impact and materiality of Scope 3 GHG emissions. Ashmore establishes whether the company has policies in place to mitigate such emissions (e.g. through supply chain audits, end of life product care, increasing product lifespan, local procurement policies, customer engagement, and/or the investment strategy) and targets to estimate and reduce such emissions.

Major categories of potential financial impact

Financial performance

Revenues: The need for private capital to contribute to addressing climate mitigation and adaption can potentially act as an opportunity for Ashmore.

Expenditures: Ashmore’s flexible cost structure is well placed to accommodate its required response to climate-related issues.

Financial position

Assets and liabilities: Ashmore is conscious of how climate-related risks may impact its assets and liabilities and includes this consideration in its assessments.

Capital and financing: Climate-related risks have been considered unlikely to affect Ashmore’s capital, and it has no debt.

Ashmore’s Emerging Markets investments and worldwide network

5. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Ashmore Group plc

Transition risks are considered as part of the Group's risk management and internal control framework, and do not currently pose a significant threat to Ashmore's overall strategy. Similarly, from a Group perspective, the review of physical risks to offices concluded that the risks are unlikely to have a material impact in the short term. Over the medium to longer term, there are significant mitigating factors, such as flexibility afforded through being a leasehold tenant rather than landlord, the potential for remote working and regional or national government commitments to address climate-related challenges.

Therefore, Ashmore concludes that its strategy will prove to be resilient if faced with more severe effects of climate change. The Group will keep its position under review and where appropriate will also consider additional scenario analysis tools to complement these reviews including, as data and models permit, the consideration of a transition to a low-carbon economy consistent with a 2°C or lower scenario. Ashmore intends to make progress in this area over the next financial year.

Investment management

Ashmore continues to examine ways in which climate-related scenario analysis can be used to assist in the ongoing development of the Group's investment management capabilities. The primary socioeconomic scenario that Ashmore will consider is the IEA's Net Zero Emissions by 2050 Scenario, designed as a roadmap for the global energy sector. As Ashmore invests exclusively in Emerging Markets it was important to consider a scenario that recognises the different stages of economic development of countries and regions, and the importance of ensuring a just transition.

The International Energy Agency's Net Zero Emissions by 2050 Scenario

A scenario is a coherent, internally consistent, and plausible description of a possible future state of the world. The NZE scenario highlights the significant changes required to the global energy sector in order to achieve net zero by 2050, e.g. deployment of available clean energy technologies between 2020 and 2030 and a need for clean energy innovation. The IEA stresses the need for a rapid shift away from fossil fuels, including the phasing out of all unabated coal and oil power plants by 2040. The Agency highlights the benefits of such a transition, including universal access to clean energy and the significant number of new jobs such a transition would create. As electricity becomes the core of the energy system, demand for batteries, hydrogen-based fuels, hydropower etc. will significantly increase. By 2045, the scenario envisages that most cars would be running on electricity or fuel cells and aircraft largely relying on biofuels and synthetic fuels. It paints a picture of a cleaner, healthier 2050 where the global energy sector relies largely on renewables, but stresses that to achieve this "a complete transformation of the global energy system" is required.

Risks and opportunities

Ashmore's established and effective risk management framework and investment management capabilities provide it with the necessary processes to identify, assess and manage climate-related risks and opportunities pertaining both to its business and to client portfolios.

6. Describe the organisation's processes for identifying and assessing climate-related risks.

Ashmore Group plc

Ashmore's internal control framework, described in detail in the Risk management section, provides an ongoing process for identifying, evaluating, and managing the Group's emerging and principal risks, and identifies associated controls and mitigants. The Board's Audit and Risk Committee regularly reviews the framework. Ashmore's Principal Risk Matrix explicitly identifies climate risk and ensures senior management is made aware of, and acts on, such risks. For example, this includes the failure to understand and plan for the potential impact to the business that investor / business sentiment, climate change, and sustainability regulations may have on product preferences and on underlying asset prices which may be affected by the transition to a low-carbon economy.

In addition, the emerging regulatory requirements for asset managers relating to climate change (and ESG more generally) is a principal risk for the Group. This was previously identified and is monitored through the ESGC's standing agenda item covering regulatory updates.

Investment management

For Ashmore's investment management function, the primary tool used to identify, assess, and monitor climate-related risks and opportunities is the Ashmore ESG scorecard. The scorecard is applied consistently across the Group, which allows for a standard approach to be taken to manage material climate-related risks across investment strategies. When identifying and assessing climate-related risks and opportunities in the ESG scorecard, the materiality of the risk or opportunity is considered through a combined quantitative and qualitative process. This review includes the consideration of the nature and scale of the identified risks and rates the risk on a scale from 1-5.

Another avenue for identifying climate-related risks is through Ashmore's engagement efforts with sovereign and corporate issuers. Ashmore's commitment to engaging with industry bodies and Emerging Markets issuers on climate-related topics to identify and manage risks and opportunities is also reflected in its membership of the Climate Action 100+ initiative and NZAMI.

7. Describe the organisation's processes for managing climate-related risks.

Ashmore Group plc

Climate-related risks and associated controls and mitigants are reviewed and prioritised as part of Ashmore's Principal Risk Matrix and, where appropriate, challenged on a quarterly basis by both the RCC and the Audit and Risk Committee.

For example, climate change and the failure to understand and plan for the potential impact to the business that investor / business sentiment, climate change and sustainability regulations may have on product preferences and on underlying asset prices that may be affected by the transition to a low-carbon economy is mitigated by a combination of policy setting and governance by the ESGC. At Group level, this risk is managed in relation to Ashmore's GHG emissions, which are offset via The Ashmore Foundation.

Investment management

Ashmore advises clients and implements solutions in their investment management mandates to help them consider climate-related risks, for example through decarbonisation efforts. At the investment management level, this is expressed in the dedicated ESG funds, for example by excluding oil and other fossil fuel investments. In addition, the Group's membership and participation in NZAMI in preparation for net zero commitments influences both Group and investment management activities.

The ESG scorecard analysis for any given issuer is reassessed at least annually. Importantly, ESG risks and opportunities are not considered in a silo, rather the investment committee in each asset class oversees ESG analysis in a cohesive manner alongside fundamental macroeconomic, financial performance and credit analysis for sovereign and corporate issuers. The analysis is based primarily on proprietary research, including engagement with issuers to identify potential investment opportunities. Additionally, the investment committees use third-party data as an input to the ESG scoring process.

Ashmore also manages climate-related risks through its engagement efforts. Investment teams engage with sovereign and corporate issuers on a range of topics, both directly and in collaboration with other stakeholders. This includes efforts to encourage better climate-related disclosure as this information is crucial for informed investment decision making and has been identified as an evolving area with scope for improvement by Emerging Markets issuers. As a signatory to the TCFD since January 2020, Ashmore also promotes TCFD-aligned climate disclosures by the companies in which it invests.

8. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.

Climate-related risks are considered in a similar manner to other emerging or principal risks, since they may affect various aspects of the Group's strategy, business model, clients, and operational and financial performance. In this context, the identification, assessment, and management of such risks are integrated fully into Ashmore's robust risk management culture and its internal control framework.

For example, within Ashmore's Principal Risk Matrix, the different aspects of climate risks would impact distribution and client oversight activities, integration within investment management processes as well as regulatory requirements and the Group's overall reputation. These are considered both on a standalone basis as well as in combination to ensure related risks are assessed, managed and, where appropriate, mitigated through the development of internal controls and processes.

Metrics and targets

Ashmore uses a combination of qualitative and quantitative approaches to assess climate-related risks and opportunities, encompassing both corporate and investment activities. These will continue to evolve in response to changing client and regulatory requirements and industry best practice.

9. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

Ashmore Group plc

The main climate-related metric used by Ashmore is its operational GHG emissions, which are modest and are disclosed in accordance with the Act and the SECR regulation. The latest disclosures can be found in the Directors' report.

As part of the process to offset its GHG emissions, Ashmore sets an internal carbon price based on the three-month rolling average market price of the first carbon futures contract traded on the European energy exchange. This methodology is unchanged from last year and for the period ending 30 June 2022 resulted in a price of €83.4 per tonne CO₂e.

Ashmore's Remuneration Committee takes into consideration qualitative and quantitative ESG factors, including those relating to climate issues, when determining Executive Directors' performance-related variable remuneration, as described in the Remuneration report.

Investment management

Ashmore expects its analysis and reporting of climate-related risks and opportunities and associated metrics and targets for portfolio investments will evolve, particularly as Emerging Markets issuers increasingly adopt measures such as the TCFD recommendations. The Group continues to engage

with third-party providers and issuers to broaden coverage. Today, the main metrics used are GHG emissions, stranded asset data and the internal carbon price. Ashmore will continue to evaluate other climate-related metrics, in particular forward-looking metrics, and consider adoption of such metrics as industry convergence materialises.

The main metrics used by portfolio managers when completing the ESG scorecard to assess climate-related risks and opportunities for corporate issuers are GHG emissions (Scope 1 and 2 as well as Scope 3 where available), sustainability impact metrics such as water usage and waste disposal, incidents of environmental pollution, utilisation of green energy, and product and process innovation to limit environmental impact. For sovereign issuers these include carbon intensity, air pollution, renewable energy consumption, energy intensity, water stress and water productivity as well as natural disaster risks and incidents of environmental impact. The use of these metrics has remained relatively stable over recent years and will evolve as PASI indicators become more prevalent.

Summary of climate-related metrics

	Ashmore Group plc metric	Investment management metric
GHG emissions	Scope 1, 2 & 3 provided in tCO ₂ e	WACI (tCO ₂ e / US\$ million revenue) Total/Absolute Carbon Emissions (tCO ₂ e) Carbon Footprint (tCO ₂ e / US\$ million invested)
Transition risks	Qualitative assessment	Stranded assets
Physical risks	Qualitative review	Qualitative assessment
Climate-related opportunities	Industry demand for dedicated ESG-labelled products	Qualitative assessment
Capital deployment	N/A	Qualitative assessment
Internal carbon price	Carbon price calculated using average price over three months	

10. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

Ashmore Group plc

Ashmore reports its GHG emissions annually, as required by the Act. The latest disclosures are provided in the Directors' report on page 128, and summarised in the chart below.

Ashmore Group plc's GHG emissions by scope (tCO₂e)

Investment management

During 2022, Ashmore has estimated the GHG emissions associated with its corporate and sovereign strategies. The WACI, Total/Absolute Carbon Emissions, and Carbon Footprints are being made available to clients for individual funds and mandates.

Ashmore has seen an increased interest among its clients in reporting of GHG emissions as well as capabilities to incorporate net zero decarbonisation targets in the investment process.

11. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Ashmore Group plc

A principal target for FY2021/22 was to offset the Group's prior year GHG emissions, as disclosed in the Directors' report, through The Ashmore Foundation's portfolio of carbon initiatives that deliver positive environmental outcomes while simultaneously realising social and economic benefits for communities hardest hit by climate change. The Foundation selected IDEP Foundation in Indonesia, a country in which Ashmore has a significant local presence in the form of its asset management business, Ashmore Indonesia. IDEP Foundation's activities in the year have offset 203 tCO₂e, which represents a material proportion of the 227 tCO₂e Scope 1, 2 and 3 emissions reported by Ashmore for FY2020/21. These initiatives, including tree planting, are ongoing and IDEP expects to complete all of these activities during 2022 to deliver the full offset.

The Foundation continues to research and plan initiatives to support the Group's carbon offsetting objectives. While the scope tends to be limited to local initiatives, the Group nonetheless believes that this approach is optimal because it delivers positive societal, economic, and environmental benefits to communities in emerging countries and has greater direct impact than, for example, simply acquiring carbon-related securities. Ashmore will also report on the activities relating to the FY2021/22 GHG emissions in next year's Annual Report and Accounts.

Operationally, Ashmore leases its offices, typically alongside other tenants, meaning that in many cases it is allocated a share of total building emissions based on leased footprint. Therefore, the ability to measure, and hence to directly influence changes in the Group's gross GHG emissions, is severely limited. Nonetheless, Ashmore seeks to offset its operational GHG emissions through a thoughtful, socially responsible, and measurable approach via The Ashmore Foundation as demonstrated by the donation to the IDEP Foundation.

Investment management

Ashmore joined NZAMI in July 2021 and the initiative provides the primary target-setting framework for Ashmore's investment management function. As part of the NZAMI interim target, Ashmore has identified the scope of its AuM that will be managed in line with the net zero target, which initially will account for 6% of the Group's AuM. Ashmore has included in the scope its ESG-labelled range of pooled funds, which includes all its SFDR Article 8 pooled funds. In addition, any client mandates managed to at least the same net zero ambition as that of Ashmore's interim target will be considered 'in scope'. Ashmore will introduce a phased approach to include further funds and mandates within the scope where it has discretion to do so and believes it is aligned with clients' interests. Ashmore will engage with clients to include further mandates and continue to develop net zero solutions.

Ashmore has adopted the NZAOA's Net Zero Target Setting Protocol to guide its implementation of NZAMI commitments. This framework recommends a combination of portfolio-specific targets, sector-specific targets, financing solutions and engagement. Where appropriate, sector-specific targets and financing solutions targets will also be developed.

The equity and corporate debt assets aligned to net zero by 2050 will be managed to a portfolio decarbonisation reduction target of at least 22% by 2025 and at least 49% by 2030 (using 2021 as base year), in line with the recommended range by the NZAOA's Target Setting Protocol. The portfolio targets are based on the WACI metric. Absolute Carbon Footprints will be made available and tracked to monitor alignment with the net zero intention.

Ashmore will also target climate-related engagement with the 20 investee companies with the highest owned emissions, as per recommendations by the NZAOA's Target Setting Protocol.

Critical to success

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

Ashmore recognises the role it plays in the deployment of its clients' capital and the impact this can have on sustainability of the environment and broader society. As such, the Group aims to integrate sustainability and responsible investing across its operations, coordinated by the Head of Responsible Investment and ESG Policy. Board accountability is ensured through the Group's specialised ESGC, which has overall responsibility for Ashmore's sustainability and responsible investing framework across its operational and investment activities.

Ashmore's responsibility further extends to all its stakeholders and includes managing its operations in ways that effectively ensure the health and wellbeing of its employees. The Group's distinctive culture means that Ashmore ensures that its employees are able to work in a constructive environment, which enables personal and professional development.

Understanding and achieving sustainability can take many forms, but arguably some of the greatest impact and change can be achieved in the Emerging Markets. Two areas that are particularly relevant to these markets are:

- Environmental challenges: specifically the effects of climate change which can already be acutely felt by companies and communities in these markets, including many in which Ashmore operates and invests. In recognition of this, the Group is a supporter of the TCFD as well as NZAMI.
- Inequality and wealth disparity: this can present significant challenges in developing markets, and the social investments made by The Ashmore Foundation¹ aim to empower communities at the extreme end of these disparities.

Ashmore's commitment to act as a responsible investor extends to support for and membership of global and industry-specific initiatives, including the UN PRI, the UN GC, and Climate Action 100+. Ashmore will continue to develop its approach in line with regulatory requirements and in so doing contribute to the evolution of industry practice.

Ashmore's broad and encompassing approach to sustainability is centred on three pillars covering the breadth of its corporate operations, investment activities, and the social impact investing by The Ashmore Foundation. These pillars are not mutually exclusive but provide a framework enabling Ashmore to define and pursue its sustainability objectives. The following pages describe in more detail some of the factors relevant to each pillar.

Sustainability governs Ashmore's approach to investments, communities and the environment

1. Corporate

Ensure the firm is managed to the highest social and environmental standard, in line with local expectations.

2. Investment

Ensure investments are aligned with expectations of a 'responsible investor' and pay particular attention to the risks stemming from ESG concerns and the sustainability impact of investments.

3. Societal

Philanthropic efforts to make a social and environmental difference in the communities in which Ashmore invests.

Ashmore has continued to develop and refine its approach in relation to sustainability and responsible investing over the past year and has made significant progress on several initiatives at both operational and investment levels.

FY2021/22 highlights

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

- Introduced flexible working for the Group's employees, tailored to each office location.
- Launched a graduate recruitment scheme in the UK, to underpin the long-term development of a diverse workforce. The first cohort of employees will join the firm in September 2022.
- The Ashmore Foundation has developed a partnership with the IDEP Foundation in Indonesia, which will be offsetting substantially all of Ashmore's Scope 1, 2 and 3 emissions for FY2020/21. The initiatives, including tree planting, are ongoing and IDEP Foundation expects to complete activities during 2022 to fully deliver the offset targets.
- While the return of business travel and use of the Group's offices during FY2021/22 has contributed to an increase in the

Group's GHG emissions compared with the previous year, the Group remains committed to offset these emissions in an effective and socially responsible manner through projects overseen by The Ashmore Foundation.

- Maintained or improved the Group's ESG ratings issued by relevant agencies, including MSCI and Sustainalytics.
- Continued to develop investment track records in the four dedicated ESG strategies covering external debt, corporate debt, blended debt, and equities.
- Enhanced climate-related disclosures in accordance with TCFD recommendations and the FCA's Listing Rules for premium-listed companies.
- Joined NZAMI in July 2021 and recently submitted the interim target.
- The Group's investment team joined a second collaborative engagement with an Emerging Markets issuer through Climate Action 100+.

¹ The Ashmore Foundation is a company limited by guarantee, registered in England (6444943) and is a registered charity in England and Wales (1122351). The Ashmore Foundation is a separate and distinct legal entity from Ashmore Group plc.

1. Corporate sustainability

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

The nature of Ashmore's business as an investment manager and its consistent single operating platform means that corporate responsibility can be considered and understood in a relatively small number of areas, listed in the table below, and explained in more detail on the following pages.

1. Social	As a traditional asset management business, employees are a critical asset to Ashmore. The Group's responsibilities to its employees are well understood and reflected in its commitments to diversity, career development, health and safety, including workplace benefits, and a Remuneration policy that delivers a long-term alignment of interests between employees, clients, and shareholders.
2. Governance	Ashmore's Board of Directors maintains a distinctive culture across the Group, with a strong 'tone from the top' that outlines clear expectations, standards, and the importance of accountability to employees. In addition to the governance arrangements described in the corporate governance section and the Section 172 statement, corporate responsibility is also underpinned by the following factors: – A commitment to upholding high ethical standards across the Group's operations and to minimising the risks associated with financial crime. – The Board has ultimate responsibility for risk management and control. This encompasses a wide range of principal and emerging risks, as described in the Risk management section. – Ashmore has operations in multiple regulatory and tax jurisdictions and manages its business in a responsible and transparent manner.
3. Environment	Ashmore's business is based primarily on intellectual capital so its direct impact on the environment is limited. However, the Group manages the environmental risks it faces responsibly, and described below are specific developments in the areas of GHG emissions and carbon offsetting.

In recognition of its approach to corporate responsibility, Ashmore is a constituent of the FTSE4Good equity index. It has a 'AA' ESG rating from MSCI and a Sustainalytics ESG score of 18.3, which places it in the 'low exposure to ESG risk' category.

Policy documents

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

- ESG Policy;
- Supplier Code of Conduct;
- Slavery & human trafficking statement;
- Conflicts of interest statement;
- Complaints handling procedure;
- UK tax strategy; and
- FTSE Women Leaders Review data.

Social

The Group's priority is to attract, develop, manage, and retain employees to achieve its strategic growth objectives and to create value for its stakeholders. The success of Ashmore's approach to human resources and its support to corporate responsibility is reflected in the low levels of unplanned employee turnover (FY2021/22: 10.5%).

Ashmore aims to have employee policies and procedures that reflect best practice within each of the countries where it has a presence, and Ashmore requires employees to act ethically and to uphold the standards expected by the Group's clients. This means having policies and practices that make Ashmore an attractive place to work in respect of the day-to-day operating environment and culture, and in respect of medium to long-term growth for employees, personally, professionally, and financially.

Diversity

Ashmore is committed to providing equal opportunities and seeks to ensure that its workforce reflects, as far as is practicable, the diversity of the many communities in which it operates. Ashmore will not discriminate because of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation, or any other irrelevant factor, and has built a culture that values meritocracy, openness, fairness, honesty, and transparency.

Furthermore, diversity of thought is critical to Ashmore's success. To achieve this, Ashmore aims to attract and develop diverse teams. At Ashmore, such diversity is integral to the culture of the Group and encompasses, amongst other things: experience, skills, tenure, age, geographical expertise, professional background, gender, ethnicity, disability, and sexual orientation.

Ashmore is proud to have a diverse workforce with employees from 36 different countries. Please see the People & culture section for further information on Ashmore's diversity.

Ashmore provides data to the FTSE Women Leaders Review, as summarised in the table below, together with the Board gender split as at 30 June 2022. The proportion of female Board Directors was 40% as at 30 June 2022, and is currently 50%. The Senior Independent Director is female. Ashmore therefore complies with the FCA's diversity and inclusion requirements, applying for financial years starting on or after 1 April 2022, for at least 40% of Board members to be women and for at least one senior Board position to be a woman.

	Male	Female	Total
Board of Directors	3	2	5
Operating Committee	10	1	11
– direct reports	56	19	75

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

Recruitment and career development

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

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

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

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

Workplace benefits

Ashmore recognises the diverse needs of its employees in managing the responsibilities of their work and personal lives and believes that achieving an effective balance in these areas is beneficial to both Ashmore and the individual. Employee health and wellbeing is vital to sustained performance at work, and Ashmore therefore operates a range of schemes to support employees' physical wellbeing. For example, in London, Ashmore operates a mental health wellbeing scheme, and has a designated Mental Health First Aider.

Ashmore also operates in the UK an integrated healthcare approach whereby its private medical health provider and occupational health clinics work hand in hand to promote wellness amongst employees. Similar healthcare arrangements are also offered by Ashmore's international offices.

During the year, Ashmore introduced the opportunity for employees to work remotely for a specified period during the week. This recognises similar developments across the industry and the experience of the past few years during which employees worked effectively in remote locations while subject to government restrictions related to the COVID-19 pandemic.

Remuneration

Ashmore's distinctive remuneration philosophy, described in detail in the Remuneration report, is a critical factor underpinning the Group's culture, designed to achieve a long-term alignment between employee remuneration and the interests of clients, shareholders, and other stakeholders.

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

Health and safety

Ashmore promotes high standards of health and safety at work and has a comprehensive health and safety policy that highlights the Group's commitment to ensuring employees are provided with a safe and healthy working environment. For example, in London, Ashmore carries out regular risk assessments of premises and provides employees with safety training including the provision of training to fire wardens and first aid representatives. Ashmore also engages external consultants to carry out regular health and safety and fire assessments. Similar arrangements are also made in other Ashmore offices.

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

Human rights and modern slavery

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

Ashmore investing in local communities

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

Ashmore employees drive local volunteering initiatives and take part in a range of activities to support disadvantaged communities in their local vicinity. Ashmore continues to make an annual donation to homeless charity Crisis, in support of its Christmas card campaign.

Obsolete equipment

Ashmore's London office provides obsolescent computers to Computer Aid, a UK registered charity that provides developing countries with access to technology that can support education and improve lives. Computer Aid sends the equipment to various projects across the Emerging Markets and provides Ashmore with details of where they are used. Any units that are not usable are disposed of in an environmentally friendly manner.

Governance

Ashmore's Board of Directors maintains a strong corporate culture employing high standards of integrity and fair dealing in the conduct of the Company's activities, compliance with both the letter and the spirit of relevant regulations and standards of good market practice in all jurisdictions where the Group operates.

Reporting to industry initiatives where Ashmore is a signatory

As signatory to several industry initiatives Ashmore has certain reporting obligations. These include UN PRI, where reporting takes place each March (this has been delayed over the past year and is next expected in 2023), TCFD, an update on Ashmore's NZAMI interim target, which was submitted in July 2022, and UN GC.

United Nations Global Compact

The UN GC was launched in 2000 to harness the power of collective action in the promotion of responsible corporates. It is a framework for businesses that are committed to aligning their operations and strategies with the 10 principles in the areas of human rights, labour, the environment, and anti-corruption.

Ashmore's 2022 Communication on Progress is included in its 2022 Sustainability report.

Ethical standards

The Board aims to ensure that the Group is fit and proper to undertake its business, to safeguard the legitimate interests of Ashmore clients, and to protect Ashmore's reputation.

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

Financial crime risks

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

Ashmore is committed to ensuring that it verifies the identity of its clients before a business relationship commences and that this is valid throughout the course of the relationship.

Information security and data protection

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

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

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

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

Data protection

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

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

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

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

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

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

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

Information security and cyber security

Information security (including cyber security) is identified as a principal risk to the business which is subject to Ashmore's governance, policies and procedures and risk assessment. Ashmore assesses, monitors, and controls data security risk, and ensures that there is adequate communication between the key stakeholders, which include senior management and IT, human resources, risk management and control, and legal and compliance departments.

Ashmore has a layered security model, within which multiple complementary technologies and processes are employed. Ashmore employees undertake mandatory training in matters of information security (including cyber security). Ashmore routinely deploys security updates to its systems and undertakes regular vulnerability testing of its networks and systems using a specialist service provider. The Board's Audit and Risk Committee receives an annual report on the Group's cyber security arrangements, and the Group has a culture of continuous improvement that means that improvements can and do occur throughout the year.

Ashmore undertakes appropriate pre-contract due diligence for new suppliers. Ashmore also maintains appropriate oversight of cyber security arrangements for all key partners, ensuring there is additional monitoring and protection regarding their cyber security. For example, Ashmore affirms and/or attests with key partners on an annual basis that they have not been susceptible to cyber security attacks and vendors have taken all reasonable steps to continuously monitor and protect themselves on cyber security weaknesses.

Tax strategy

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

Environment

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

The Group continues to promote energy efficiency and the avoidance of waste throughout its operations. Ashmore's largest occupancy is at its headquarters at 61 Aldwych, London where it has a single floor of approximately 19,000 square feet in a nine storey multi-tenanted building. Electricity usage in London is separately monitored by floor, with energy efficient lighting installed. The building landlord allocates the usage of other utilities based on occupied floor space.

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

Mandatory GHG emissions reporting and SECR requirements

In line with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, since 1 October 2013 all companies listed on the main market of the London Stock Exchange have been required to report their GHG emissions in their annual report. In addition, effective from 1 April 2019, Ashmore is also required to adhere to the mandatory SECR regulation introduced by the UK Government.

Ashmore is required to report its Scope 1 and 2 emissions as part of mandatory GHG reporting and SECR. The Group has provided a summary of this information in its Directors' report.

Carbon offsetting

Ashmore donates 0.5% of its profit before tax to charities each year, a proportion of which it donates to The Ashmore Foundation. Within the Foundation's donation is a specific amount to support the Group's objective to offset its GHG emissions. In this way, the initiative will have not only the desired offsetting outcome but also deliver social benefits in the emerging countries in which Ashmore invests and operates.

This approach means that the initiative may not be verified by a third-party certification body. Ashmore will review the requirements for certification over the coming years.

Ashmore sets its internal carbon price annually using the past three months rolling average market price of the first carbon futures contract traded on the European Energy Exchange. For the year ended 30 June 2022, the internal carbon price is €83.46 (prior year: €50.20). Ashmore will continue to review its internal carbon price methodology as industry best practice evolves.

FY2021/22 initiative

To offset the prior year's GHG emissions, The Ashmore Foundation selected the IDEP Foundation in Indonesia, a country in which Ashmore has a substantial local presence in the form of its asset management business, Ashmore Indonesia.

IDEP focuses on sustainable development with the philosophy of "helping people to help themselves". With the support provided by The Ashmore Foundation, it oversees a community-based agroforestry project in West Bali, with a range of environmental and social targets including the ability to offset carbon emissions through tree planting and forest conservation.

The project's activities in the year will offset 203 tCO₂ emissions, substantially all of the 227 tCO₂e Scope 1, 2, and 3 emissions reported by Ashmore for FY2020/21. The initiatives, including tree planting, are ongoing and IDEP expects to complete activities during 2022 to deliver the full offset. Importantly, IDEP has delivered beneficial environmental and social outcomes in the following areas:

- established a community monitoring group to map and monitor at least 100 hectares of forest, with more to follow;
- 330 hectares of natural forest is being conserved;
- providing livelihood alternatives to timber activities for 100 community members in the tourism industry (forest camping and trekking);
- improved income capacity for low-income families through post-harvesting activities, for example coffee production and seed-saving;
- 424 students from three schools participated in tree-planting, improving their knowledge of conservation and climate change; and
- ongoing training of families in permaculture, agroforestry, and business management.

Eduforest learning activity with schoolchildren

Future initiatives

The Ashmore Foundation continues to research and plan initiatives to support Ashmore's carbon offsetting objectives. While the scale of individual initiatives tends to be relatively limited, the Group nonetheless believes that this approach is optimal because it helps communities in emerging countries and has greater direct impact than, for example, simply acquiring carbon-related securities.

2.

Responsible investment

Ashmore's purpose is to deliver long-term investment outperformance for clients and to generate value for shareholders through market cycles, while ensuring it acts as a responsible investor and steward of clients' capital.

Ashmore recognises that being a responsible investor brings with it a duty to act in a manner that benefits wider society. This responsibility is particularly acute in the markets in which Ashmore invests and operates, with the need to balance ESG factors with the financial wellbeing of emerging market sovereigns and corporates.

The integration of the assessment of ESG risks and opportunities in the investment process has been an area of significant focus for Ashmore, supported by strong interest from clients. Ashmore aims to work collaboratively with its clients to develop a broad suite of products across the responsible investment spectrum.

Ashmore's philosophy is underpinned by a fiduciary responsibility to its clients. Ashmore recognises the importance of responsible investing and the related opportunities and risks it presents.

An ESG or 'sustainability' risk is an ESG event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment.

In accordance with Ashmore's ESG Policy, ESG risk analysis is integrated into the investment processes in the same way as Ashmore assesses macroeconomic risk, financial performance, and credit metrics. It acts as both a form of risk management and a source of alpha generation. Ashmore's ESG risk analysis involves consideration of relevant risks, including for example, natural disasters and risks related to incidents of environmental pollution, societal stability, product quality and safety issues, supply chain and labour risks, health and safety failings, human rights violations and changes in the regulatory environment relating to sustainability. This is an indicative list only, and Ashmore recognises that the universe of relevant ESG risks will grow and evolve over time.

It should be noted that evolving industry-wide standards and approaches and therefore ESG can mean different things to different investors. Moreover, Ashmore recognises that many investors continue to evaluate the role that ESG will play in their strategies and portfolios.

Ashmore				The Ashmore Foundation	
	Traditional Investing	Responsible Investing	Sustainable Investing	Impact Investing	Philanthropy
	Financial returns driven		Sustainability impact driven		
Objective	Financial returns	Financial returns	Enhanced focus on sustainability issues	Focus or priority of sustainability impacts	Sustainability impacts only
Lens		ESG Risk lens	Sustainability lens		Sustainability lens only
Lever		– exclusions – voting – consideration of ESG risk	– consideration of sustainability issues – active voting – active engagement		
SFDR	Article 6	Article 6	Article 8	Article 9	Out of scope
Ashmore	All other funds	All other funds	ESG-labelled funds		The Ashmore Foundation

Responsible investment governance

Responsibility for Ashmore's responsible investment activities lies with the Board, which delegates to the ESGC chaired by the CEO and managed by the Head of ESG and Responsible Investment Policy.

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

Integrating ESG in the investment process

Ashmore has explicitly integrated the analysis of ESG factors into its investment processes, which reflects its philosophy that the incorporation of non-financial factors is essential to building a robust understanding and assessment of an issuer, and that over time this will improve investment performance, promote better corporate business models, and help foster more sustainable economic development. As with its credit and financial analysis, Ashmore's ESG research is primarily proprietary in nature, based on research visits and meetings with issuers, with additional context obtained using third-party data.

Ashmore's approach to ESG integration includes the use of proprietary ESG scorecards that are applied and implemented consistently across all the strategies managed by the Group. Every issuer that is either owned or considered for investment is scored. These scorecards form an integral part of the investment assessment both prior to holding as well as throughout until exiting. The ESG scores are reviewed at least annually and are also flagged for review on an event-led basis. They consider both historical and forward-looking factors and assess issuers on a global absolute basis (as opposed to relative to peer group) to promote a 'best-in-class' scoring mind set.

While governance-related issues have historically dominated non-financial factor assessment in Emerging Markets, climate and social equalities have notably risen in importance as both a driver of risk as well as opportunity. The ESG factors in the table below have been identified by Ashmore to be of particular importance for assessment, seen through an Emerging Markets lens.

Sovereign issuers are scored by Ashmore's sovereign bond investment teams. The corporate debt and equities teams share the responsibility for the evaluation of the issuers that have issued both debt and equity instruments, resulting in Ashmore having one common, joint ESG assessment across the Group. Furthermore, all the ESG scoring sheets, notes, and engagement activities are shared across Ashmore.

Ashmore's alternatives theme covers a diverse range of real assets in private equity, healthcare, infrastructure, special situations, distressed debt, and real estate opportunities. As such, the approach to ESG integration is tailored to the context of each market. Notwithstanding this, the ESG scoring of these issuers is also conducted using the same proprietary ESG scoring methodology described above. Wherever possible, Ashmore also incorporates ESG assessment frameworks, which align to internationally accepted standards, including the PRI and the IFC Performance Standards for Real Estate investments. Furthermore, Ashmore's investment teams seek to ensure that its frameworks comply with local regulations and standards.

Ashmore has aimed to align its investment approach, including how ESG issues are integrated, with the investment horizon of its clients. This is primarily done through dialogue with the clients to account for liquidity requirements, performance objectives and sustainability concerns.

Responsible investing solutions

In addition to the integration of ESG analysis across all investment themes, Ashmore has several dedicated ESG products covering external debt, corporate debt, blended debt, and equity strategies.

Ashmore has managed dedicated Emerging Markets ESG strategies in both fixed income and equity since 2019 and 2020, respectively. These approaches consider sustainability issues and opportunities in more depth and set a higher standard for ESG performance in the determination of the investable universe, as well as position sizing and portfolio construction. In addition, Ashmore applies a wider set of industry and issuer exclusion criteria including those relating to revenues generated from the manufacture, distribution or sale of any defence, gambling, and tobacco, given their high negative externalities. It also means excluding industries that have high sustainability impact with a viable low-risk alternative, namely fossil fuels that can be replaced by renewables. For client managed segregated mandates, Ashmore also customises client portfolios to meet specific ESG requirements for geographic, sector and stock specific restrictions, as well as those mentioned above.

Group-wide exclusions

In general, across all funds and segregated mandates, Ashmore restricts investment in companies engaged in the manufacture, distribution, and maintenance of controversial weapons. The scope and breadth of this restriction is outlined in Ashmore's Controversial Weapons Policy available on Ashmore's website. Ashmore funds and segregated mandates also restrict investing in issuers that Ashmore determines to have significant involvement in the manufacture, distribution or sales related to pornography.

Furthermore, Ashmore seeks to comply with applicable government authorities and, where appropriate, screens investments against the UN Security Council and EU/UK sanctions and the US Office of Foreign Assets and Control lists.

As noted above, for the ESG product range, Ashmore applies minimum ESG score criteria. Any issuer that fails to meet the minimum combined score on any of the E, S or G scores, according to Ashmore's ESG scoring process, are automatically excluded from the portfolio. For additional information on this process, please refer to Ashmore's ESG Policy available on Ashmore's website.

Ashmore also offers customisation of client portfolios to meet specific requirements for geographic, sector, and other security specific restrictions.

Examples of ESG criteria

Environment

Corporate

Global impact and GHG emissions, local impact and water and waste management, incidents of environmental pollution, energy management, and use of green energy, policies and innovations to limit negative impact

Sovereign

Carbon emissions, clean energy/climate adaption strategies, natural disasters risk and preparedness, resource use, and environmental regulations

Social

Corporate

Employee diversity and inclusion, customer welfare, human rights and community relations, labour practices and health and safety, supply chain management, materiality of philanthropy spend, and product quality and safety

Sovereign

Basic needs of population, societal stability, human development, economic freedom, labour rights, and inequality

Governance

Corporate

Transparency and disclosure, governance structure, fair representation of minority interests, public listing and reporting, management accessibility, long-term incentive scheme KPIs, and strategies to mitigate the impact of ESG risks

Sovereign

Progress to sustainability, institutional strength, rule of law, democratic processes, and corruption

Contributing to the net zero transition

Ashmore recognises that it is important for the financial sector to contribute to climate action (Sustainable Development Goal 6), and the related net zero transition. To achieve the economic transformation required to deliver 'net zero by 2050' financial flows must become aligned with a low-carbon economy and incentivise climate mitigation and adaption. This is particularly the case in Emerging Markets where there is a need to balance the low-carbon transition with improved access to energy and where the need for funding is paramount.

The main framework for asset managers in this regard is NZAMI, which Ashmore joined in July 2021. Ashmore recently submitted its NZAMI interim target, and this is expected to be the main mechanism by which Ashmore addresses climate change impact.

As part of the NZAMI interim target, Ashmore has identified the scope of its AuM that is to be managed in line with the net zero target, which initially will account for 6% of the Group's AuM. Ashmore has included in the scope its ESG-labelled range of pooled funds, which includes all its SFDR Article 8 pooled funds. In addition, any client mandates managed to at least the same net zero ambition as that of Ashmore's interim target will be considered 'in scope'.

Ashmore will introduce a phased approach to include further funds and mandates within the scope where it has discretion to do so and believes it is aligned with clients' interests. Ashmore will engage with clients to include further mandates in this regard as well as continue to develop net zero solutions.

Ashmore has adopted the NZAOA's Net Zero Target Setting Protocol to guide its implementation of NZAMI commitments. This framework recommends a combination of portfolio-specific targets, sector-specific targets, financing solutions, and engagement.

The equity and corporate debt assets aligned to net zero by 2050 will be managed to a portfolio decarbonisation reduction target of at least 22% by 2025 and at least 49% by 2030 (using 2021 as the base year), in line with the recommended range by the NZAOA's Protocol, based on the WACI metric. Absolute Carbon Footprints will also be made available and tracked to monitor alignment with the net zero intention.

Ashmore will also target climate-related engagement with the 20 investee companies with the highest owned emissions, as per recommendations by the Protocol.

Stewardship and engagement summary

Ashmore believes that through strong relationships with sovereign and corporate issuers of debt and equity, the Group can positively influence outcomes related to ESG risks and an issuer's management of sustainability concerns. Ashmore sees such active ownership to be an integral part of its fiduciary duty as well as an important tool to enhance and preserve the value of its clients' investments.

Building on the Group's previous engagement activities, the Ashmore Engagement Strategy, outlined in Ashmore's Engagement Report, was updated in 2021 and 2022 to reflect prevailing industry guidance. The updated Strategy consists of four areas: direct engagement with issuers, collaborative and collective engagement efforts, escalation strategies, and exercising voting rights and responsibilities.

ESG engagement topics

Environmental	
Climate change	25%
Environmental	5%
Social	
Society	7%
Workplace	9%
Governance	
Board	10%
Core governance	8%
Other	14%
ESG	
Generic	22%

The main body of Ashmore's engagement efforts is in the form of engagements between Ashmore's portfolio managers and issuers. These are typically referred to as bilateral engagement efforts, which can be triggered by an issuer or sector specific ESG risk or sustainability issue. In keeping with industry guidance, the Engagement Strategy also applies an appropriately high bar for what qualifies as an 'engagement' requiring a pre-determined objective. As a result, general interactions portfolio managers have with issuers on ESG and sustainability issues are still tracked but will not be counted as an engagement. In 2021 Ashmore engaged with 228 issuers across 331 engagement efforts. Of these, 55% had a pre-determined objective. The main topics for engagement were climate change followed by the need for better ESG disclosure and reporting.

Another important component of the Engagement Strategy is engagement conducted as part of collaborative efforts with other investors or collective efforts typically arranged by industry initiatives. In 2021 Ashmore participated in three such efforts of note: the Group supported a letter to governments on strong climate action arranged by The Investor Agenda, participated in decarbonisation-focused engagements as part of Climate Action 100+, and published a position paper on the policy required to address the Paris Agreement highlighting the contrasting position of Emerging and Developed Markets.

If Ashmore determines that its engagement efforts are not yielding the desired results it might choose to escalate the engagement. This is considered on an exception basis and can take several forms e.g. a downgrade of the Ashmore ESG score, a vote against the re-election of directors, or divestment. Selling a position is considered a last resort as by divesting, Ashmore would no longer have the opportunity to directly influence the issuer.

Ashmore considers exercising voting rights and responsibilities to be an important aspect of its role as a responsible investor. Ashmore aims to vote on all votable ballots and voted in 2021 on 93% of the votes presented. Ashmore has an active approach to voting with all votes being instructed by portfolio managers. As a result, in 2021 9% of votes were against management while 4% against independent advice. Further details are included in Ashmore's Engagement Report.

Percentage voted with management recommendations	81%
Percentage voted against management recommendations	9%
Percentage of abstentions	9%
Percentage of votes withheld	1%

The Ashmore Foundation

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

The Ashmore Foundation

Since its establishment in 2008, The Ashmore Foundation has partnered with over 75 local organisations in 26 Emerging Markets countries to equip women and young people with the skills and resources they need to generate

income, drive system change, and have a positive environmental impact on their local communities and beyond.

The Ashmore Foundation functions independently of Ashmore and is registered in the United Kingdom as a charity and company limited by guarantee. It is staffed by an Executive Director who is responsible for managing the Foundation's affairs. The Ashmore Foundation board of trustees consists of 10 Ashmore employees, one Ashmore Non-executive Director and one independent trustee. In addition to the board of trustees, Ashmore employees are encouraged to engage directly in the governance of the Foundation through involvement in sub-committees.

Ashmore supports the Foundation's charitable activities through the provision of pro-bono office space, administrative support, and a matched funding commitment for employee donations to the Foundation.

Ashmore donates 0.5% of its profit before tax to charities each year, a proportion of which it donates to The Ashmore Foundation to deliver its charitable grant strategy.

Ashmore employees actively support the Foundation through a global annual giving programme as well as organising and participating in a range of fundraising events from wine tastings to sports competitions. Over the years employees have summited the UK's three peaks, competed in RideLondon 2022, and walked the length of Hadrian's Wall to raise funds to support the Foundation.

Delivering social impact in Emerging Markets

The Ashmore Foundation's grant strategy is underpinned by the belief that gender equity, systems change, and a people-first climate approach are necessary to support economic and social development at a time when inequality continues to rise in the Emerging Markets.

The Ashmore Foundation believes that with the right support and investment in education, employment, and entrepreneurship, people can grow and prosper to break the cycle of poverty that disproportionately affects women and young people in Emerging Markets countries. The Foundation therefore focuses its social investment strategy on programmes that aim to equip people with the skills and resources they need to increase their livelihood opportunities, enabling them to meet their basic needs while also supporting economic growth and beginning to address broader societal inequalities.

Emergency relief funding to Ukraine

Following Russia's invasion of Ukraine in early 2022, a humanitarian crisis unfolded displacing over 7 million people and affecting the lives of millions of children and families in the country. In line with the Foundation's commitment to respond to emergencies and ensure civil society organisations and their beneficiaries are supported at their most vulnerable, the Trustees approved donations of US\$100,000 to deliver humanitarian aid and medical supplies to support people displaced by the conflict.

Two of the organisations supported through this funding were Razom, which shipped hundreds of tons of tactical medical equipment and supplies to Ukraine, and The WONDER Foundation, which provided emergency supplies to over 100,000 Ukrainian refugees in Poland.

The Trustees have approved further support as the crisis continues and the needs of refugees and those affected by the conflict evolve.

Ashmore matched donations made by its employees to the Ukraine emergency funding appeal.

Supported by The Ashmore Foundation, The WONDER Foundation provided emergency supplies to 100,000 refugees in Poland and 20,000 Ukrainians on the border.

Pages 1 to 79 constitute the Strategic report which was approved by the Board on 1 September 2022 and signed on its behalf by:

Mark Coombs
Chief Executive Officer

1 September 2022

Committed to robust standards of governance

Mark Coombs

Chief Executive Officer

Appointed to the Board: December 1998

Skills, experience and contribution:

Mark Coombs founded the business which became Ashmore in 1992 and has overseen its successful growth for nearly 30 years.

Other roles past and present:

Mark was appointed a Director on the incorporation of the Company and has served as its Chief Executive Officer since then. He held a number of positions at Australia and New Zealand Banking Group (ANZ) and led Ashmore's buyout from ANZ in early 1999. He is Co-Chair of EMTA, the trade association for Emerging Markets, having been on the Board since 1993. Mark holds an MA in Law from Cambridge University.

Tom Shippey

Group Finance Director

Appointed to the Board: November 2013

Skills, experience and contribution:

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

Other roles past and present:

Tom was appointed to the Board as Group Finance Director in November 2013. Prior to joining Ashmore in 2007, he worked at UBS Investment Bank, including advising on the Ashmore IPO in 2006. He is currently a trustee of the Resurgo Trust.

Tom qualified as a Chartered Accountant with PricewaterhouseCoopers in 1999 and is a Fellow of the ICAEW. Tom holds a BSc in International Business and German from Aston University.

Clive Adamson

Non-executive Chair

Appointed to the Board: October 2015 and as Chair: April 2022 (Independent on appointment).

Skills, experience and contribution:

Clive Adamson has enjoyed a career in financial services for over 40 years spanning executive roles in banking and regulation and, more recently, board roles across wholesale and retail banking, insurance and asset management.

Other roles past and present:

Clive spent 20 years in wholesale banking, holding senior positions with Citigroup and Bank of America. He moved into regulation as an adviser at the Bank of England before joining the newly formed Financial Services Authority and then the FCA upon formation where he was Director of Supervision and an Executive Member of the Board. Clive was a Non-executive Director of Virgin Money plc and a Senior Adviser at McKinsey & Company. He is currently a Non-executive Director of J.P. Morgan Securities plc, Chair of J.P. Morgan Europe Ltd and its Nominations Committee, and Chair of Nutmeg Saving and Investment Ltd. He is a Non-executive Director and Chair of the Risk Committee of both M&G plc and Prudential Assurance Company Limited. Clive holds an MA in Economics from Cambridge University.

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

Key to membership of committees

A – Audit and Risk

N – Nominations

R – Remuneration

(A bold letter denotes the Chair)

Board and committee attendance

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

Meeting attendance between 1 July 2021 and 30 June 2022	Board Attended	N: Nominations Committee Attended	A: Audit and Risk Committee Attended	R: Remuneration Committee Attended
Mark Coombs	8/8	–	–	–
Tom Shippey	8/8	–	–	–
Helen Beck	8/8	5/5	4/4	Chair 5/5
David Bennett*	7/7	Chair 4/4	–	4/4
Clive Adamson**	8/8	Chair 5/5	Chair 4/4	5/5
Jennifer Bingham	8/8	5/5	4/4	5/5

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

* David Bennett retired as a Director and Chair of the Board on 20 April 2022. He chaired the Nominations Committee except when it considered the matter of his resignation as Board Chair.

** Clive Adamson was appointed Chair of the Board and Chair of the Nominations Committee from 21 April 2022. He remained Chair of the Audit and Risk Committee on an interim basis and took over as Chair of the Nominations Committee.

Helen Beck

Independent Non-executive Director

Appointed to the Board: June 2021

Skills, experience and contribution:

Helen Beck is a commercial international adviser with significant experience in advising boards on remuneration and human resources. She has a strong executive track record in building and growing client centric businesses with extensive financial services experience across a broad range of asset management firms and banks.

Other roles past and present:

Helen was formerly a Partner and Head of Financial services remuneration practice at Deloitte LLP. Prior to joining Deloitte, she held a number of senior executive appointments in human resources, remuneration and consultancy, including at Standard Bank, McLagan Partners and Fidelity Asia-Hong Kong. Helen has also been a Governor of the John Whitgift Foundation, including being Chair of the Salaries Committee. Helen is currently a Non-executive Director of Funding Circle Holdings plc and Chair of its Remuneration Committee, a Non-executive Director of Irwin Mitchell Holdings Limited, an Independent Governor of University of Bedfordshire, and an Independent Member of the Remuneration Committee for the British Olympic Association. Helen holds a BA(Hons) in Social Administration from the University of Nottingham, is a Member of the Institute of Personnel Development and holds a Post Graduate Diploma in Personnel Management.

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

Jennifer Bingham

Senior Independent Director

Appointed to the Board: June 2018

Skills, experience and contribution:

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

Other roles past and present:

Jennifer is an accountant and between 1992 and 2003 she was a senior executive of Brunswick Capital Management Limited, an investment manager specialising in the Russian equity market. During this period she variously held the offices of Chief Executive, Chief Operating and Chief Financial Officer. Since 2003 Jennifer has held finance, administration and investment oversight roles with investment company PCHB Limited (part of the Cundill group of companies). She is currently an Executive Director of FPC Philanthropies Ltd (the Peter Cundill Foundation) and sits on the investment committee of PCHB Limited. Jennifer is also an Executive Director of Valley Management (UK) Limited, an Executive Director of Stichting Pamina, a Dutch Charitable Foundation, and a Trustee of The Ashmore Foundation.

Committee membership: A, N, R

Shirley Garrood

Independent Non-executive Director

Appointed to the Board: August 2022

Skills, experience and contribution:

Shirley Garrood has extensive financial services experience built up over many years with a focus on operations, finance and risk matters within financial services and investment management.

Other roles past and present:

Shirley was Chief Financial Officer and Chief Operating Officer of Henderson Group plc and, since finishing her executive career, has held roles at esure Group plc as Deputy Chair, Chair of the Audit Committee and Senior Independent Director; and Chair of the Audit and Risk Committees and Senior Independent Director of Hargreaves Lansdown plc. She also served as a governor of the Peabody Trust housing association. Shirley is currently a Non-executive Director of Royal London Mutual Insurance Society Limited, and Chair of Royal London Asset Management Holdings Limited and Royal London Asset Management Limited, also chairing their Risk and Capital Committee. She is a Non-executive Director and Chair of the Audit and Risk Committee of the BBC. Shirley is also an Independent Non-executive on Deloitte LLP's Audit Governance Board, providing oversight of the external audit and assurance business only. Shirley holds a B.Sc in Economics and Accounting from the University of Bristol and is a qualified Chartered Accountant and Corporate Treasurer.

Committee membership: A, N, R

Commitment to robust governance

Dear shareholder,

This is my first report to you in my new role as Chair of the Board of Ashmore. David Bennett, my predecessor, retired from the Board on 20 April 2022 following more than seven years of service to Ashmore, including three years as Chair. On behalf of the Board, I would like to thank him for his significant contribution over this period. His assistance during the period of handover and, more generally, his insights into the issues before the Board in his capacity as Chair have been invaluable. All the Board members wish David well for the future.

We continue to be in uncertain times, now dominated principally by the impact of the war in Ukraine and, closer to home, the deteriorating picture in the UK and Europe and macro-economic uncertainty. The positive outlook at the start of the year, created by the success of the vaccination programme against COVID-19, and early signs of international economic recovery, has since been overshadowed and global markets have become more volatile again.

I am pleased to say that the resilience, determination and team spirit of Ashmore employees continued during this time with strong interaction and co-operation, helped by the transition to a return to primarily office-based working for many employees. Whilst the office environment is optimal for Ashmore's team-based culture, in recognition of the benefits it can bring, Ashmore provides flexibility for employees to work remotely.

Governance and Company purpose

Ashmore's governance structure continues to be appropriate to the size and complexity of the business. It enables the Board to oversee the execution and delivery of Ashmore's purpose, as a specialist Emerging Markets investment manager, to deliver long-term investment outperformance for clients and generate value for shareholders through market cycles. In fulfilling its role, the Board is guided by the Group's purpose in the shaping of key decisions, culture and values. The Board looks to set the highest ethical and professional standards in the business. At Ashmore, this is supported by a strong internal culture and values among staff, which drive appropriate behaviour, embedded by the Company's compliance, risk management and employment policies.

The Board's work during the year is set out on page 89 and shows the usual schedule of business as well as updates on specific topics. The Company's strategy remains growing and diversifying Ashmore's business and creating value for clients and shareholders. More detail can be found in the Strategy description on page 6.

Our shareholders

Understanding the views of shareholders is essential to the Group's long-term success. Shareholder feedback is regularly considered at the Board meetings and factors into the Board's decision making. We keep shareholders updated on performance and news through annual and half year results, quarterly AuM statements and via the regulatory news service.

At the 2021 AGM, over 80% of shareholders voted in favour of the Remuneration report. We feel this reflects efforts after the 2020 AGM to engage with shareholders and proxy adviser teams and the Board and the Remuneration Committee will keep this under review. The arrangements that have served us so well over the years can be found in the Remuneration report on page 95. Executive Directors held regular meetings with a range of shareholders during the year and the economic environment, the Company's performance, the impact of the war in Ukraine, and the return of employees to office working, were recurring themes. Ashmore's AGM provides an opportunity for all shareholders to meet with the Board and raise matters of interest.

The Board

This year, I led the annual evaluation of the Board, committees and Directors, assisted by a questionnaire and meetings with each member of the Board. All views were shared and discussed in an informal meeting of the Board. All Directors were of the opinion that the Board is effective in carrying out its responsibilities. There is a shared view amongst the Directors that the Board operates effectively, has the right composition, and is efficient. Nevertheless, we found areas where we could improve. More detail is provided in the Nominations Committee report on page 93.

**Over
80%**

of shareholders voted
in favour of Ashmore's
Remuneration report

While the Board operated efficiently and effectively during a period of remote working due to COVID-19 restrictions, the return to physical meetings has been welcome. The Board values the experience of face-to-face meetings, in-person management presentations and informal 'meet the teams' sessions. Being kept up to date on the latest compliance and regulatory requirements and anticipated developments remain high on the agenda, as they are across the business. The Board remains alert to changes in investor expectations in Emerging Markets, notably in respect of ESG standards.

The Nominations Committee has discussed succession planning and diversity for both the Board and senior management. This year we put this planning into practice to enable a smooth transition upon the resignation of David Bennett as Chair of the Board.

Details of each Director's profile can be found on pages 80 to 81 of this Report and the Board is recommending the election or re-election of all Directors at this year's AGM.

Our people

The Board has continued to engage directly with Ashmore's workforce, by hosting informal discussions with employees from different departments. By necessity, this has sometimes been by video conferencing. With the relaxation of COVID-19 restrictions, the Board has been able to invite London based employees back into the boardroom at the end of formal Board meetings. This approach allows Directors to meet directly and informally with the workforce and helps us assess and monitor the culture of the firm. It is also the Board's intention to visit the offices in Singapore and Indonesia and meet local employees face-to-face later this year, and to conduct further visits to other local offices in the future.

Jennifer Bingham is the Non-executive Director for workforce engagement. As such, she chairs the 'meet the teams' sessions and acts as a conduit for the Board to facilitate interaction and understanding of workforce sentiment. This engagement helps to inform our discussions and decision making. A summary of the Board's engagement with employees and other stakeholders is included in the Section 172 statement on page 46 and the Directors' report on page 128.

“... the resilience, determination and team spirit of Ashmore employees continued during this time.”

The Board has responsibility for oversight of the Group's whistleblowing arrangements and the Chair of the Audit and Risk Committee is the nominated Director with responsibility for whistleblowing. An independent agency provides a means through which employees can raise concerns, if they do not wish to bring these to the attention of management. All employees are made aware of, and have access to these arrangements.

Ashmore has a single Remuneration policy which applies to its workforce and Executive Directors alike, with some additional restrictions for Directors. More information on how Ashmore invests in and rewards its people is provided in the Remuneration report on pages 95 to 126. The Board believes that the remuneration structure works to benefit clients, shareholders and employees alike.

Diversity

In order to execute its strategy, the Group needs to continue to attract, develop and retain a diverse workforce. Ashmore has 50% gender diversity on the Board and the gender diversity of employees and senior management is reported on pages 52 and 70. Ashmore is an organisation which spans multiple cultures and ethnicities, however, the Board and Nominations Committee understand the importance of improving its gender and ethnic diversity. The Board discusses diversity at least annually, as described further in the Directors' report on page 128. The Board already meets the requirement to have a minimum of 40% of Board positions held by women and has a female Senior Independent Director in compliance with the FTSE Women Leaders Review and new FCA Listing Rules requirements. The Board is committed to the target of having at least one director from an ethnic minority in line with the Parker Review and FCA Listing Rules requirement.

COMMITMENT TO ROBUST GOVERNANCE (CONTINUED)

Board changes and time commitments

We welcomed Shirley Garrood to the Board on 1 August 2022 and she became a member of the Nominations, Remuneration and Audit and Risk Committees on appointment. If elected at the 2022 AGM, she will take over as Chair of the Audit and Risk Committee on 14 October 2022, subject to FCA approval. Any potential conflict and her other time commitments were declared to the Board and considered at the time of appointment. A comprehensive induction programme was arranged to support her introduction to Ashmore.

All appointments are disclosed to and considered by the Board in the context of the overall time commitments of the relevant Director (bearing in mind any roles that have also been relinquished) and whether such commitments impinge on their duties to Ashmore. During the year, I ceased to be a Senior Adviser at McKinsey & Company and Helen Beck retired from her role as a Governor of the John Whitgift Foundation. Details of the Directors' external commitments are provided on pages 80 to 81. The Nominations Committee report gives details on how it treated applications by Non-executive Directors to take on new external appointments.

Wider society

Ashmore continues to engage with investors, governments and NGOs across a range of issues that are important to the business and the wider world. Management shares insight and feedback from this engagement with the Board, helping us understand how Ashmore's products and services can better serve its stakeholders.

Our Section 172 statement on pages 46 to 48 sets out how Ashmore has taken account of our stakeholders, and the Sustainability report on pages 68 to 73 describes the good work that has been done this year by The Ashmore Foundation and the offsetting of the Group's carbon emissions. ESG is integrated into Ashmore's investment processes and we are committed to providing transparent reporting to stakeholders on ESG outcomes. This year Ashmore joined NZAMI, and set interim targets to reduce GHG emissions in client portfolios. A more extensive review of Ashmore's ESG activities can be found on pages 68 to 79.

Dividend

The Board recognises the importance of the ordinary dividend to shareholders, and, taking into consideration the annual profit, the unrealised nature of the seed capital result, the cash flows delivered, the balance sheet's strength and the continued growth opportunities available to Ashmore over the longer term, it is recommending a final dividend of 12.10 pence per share, to give total dividends per share for the year of 16.90 pence.

Clive Adamson

Chair

1 September 2022

2018 UK Corporate Governance Code Compliance Statement:

Ashmore has complied with the Code during the year, save for Provision M (membership of the Audit and Risk Committee) for part of the year. Ashmore explains on pages 85 to 86 how each of the Principles of the Code have been applied and why there was a departure from Provision M on an interim basis.

2018 UK Corporate Governance Code

Ashmore explains below how it complied with the principles of the Code during the year ended 30 June 2022. The explanation references the alphabetic coding of the Provisions of the Code. Ashmore adhered to all Provisions, save as indicated below (Provision M). Please see pages 93 and 94 for a fuller explanation of that departure.

Board Leadership and Company Purpose

- A. Board's role. A formal schedule of matters reserved for the Board is reviewed and approved by the Board on an annual basis. It sets out the framework under which the Board manages its responsibilities, discharges its authority and manages its own activities. A yearly planner seeks to ensure the most important and current topics are discussed at meetings during the year. The Board's main activities throughout the year are detailed on page 89.
- B. Purpose and culture. The Company's purpose, as a specialist Emerging Markets investment manager, is to deliver long-term investment outperformance for clients and generate value for shareholders through market cycles. Its strategy for doing so is set out in the Strategic report and includes, among other matters, how in pursuing the objectives set out within the purpose, Ashmore ensures its culture and working practices align both with its purpose and its broader set of stakeholders through effective and entrepreneurial leadership. The Board receives regular reports on employees' compliance with regulatory and risk management requirements, hears presentations and updates from different departments and offices and meets employees on an informal basis after each Board meeting. These elements underpin Ashmore's assessment of its culture.
- C. Resources and controls. It is the duty of the Board to ensure that adequate resources are in place for the delivery of its strategy over the long term. The use of those resources is set out in a delegated authority framework, designed to ensure that decisions over those resources are taken by the right persons at the right level with accountability to the Board. The Risk management section of this report further describes the framework of controls by which Ashmore enables risk assessment and risk management.
- D. Stakeholder engagement. The Section 172 statement made at pages 46 to 48 of this report includes examples of matters considered by the Board during the year and what was taken into account when making those decisions, including engagement with shareholders and other stakeholders. The Board's monitoring and response to any Director's potential conflict of interest is carried out by the Nominations Committee. An agreement is in place with respect to the controlling shareholding of Mark Coombs where independence provisions are in place. This is explained in more detail in the Directors' report on page 128. Any Director with any concerns about the Board or management of the Company may have these recorded in the minutes.
- E. Workforce engagement. Jennifer Bingham, the Senior Independent Director, is the designated Non-executive Director with responsibility for engagement with Ashmore's workforce. An explanation as to how she undertook this function during the year is given on page 128. The Chair of the Audit and Risk Committee performs the role of whistleblowing champion for the Group. A hotline is available for any employees who wish to raise concerns of wrongdoing in the workplace. The Board receives regular reports on the functioning of the independent reporting arrangements in place for any such matter raised.

Division of Responsibilities

- F. Role of the Chair. The Chair was independent upon appointment. He leads on the effectiveness of the Board by setting the agendas and timetable for meetings, and encouraging an open and constructive dialogue during meetings, inviting the views of all Board members. He ensures that Board members receive accurate, timely and clear information in his regular interactions with Executive Directors and the Company Secretary.
- G. Composition of the Board. The Board consists of two Executive Directors, three Non-executive Directors and a Non-executive Chair who was considered independent upon appointment to the Board. Their responsibilities have been set out in writing and agreed by the Board and are available on the Group's website at: <https://ir.ashmoregroup.com/corporate-governance>. Their roles and responsibilities are also further described on page 88 which show the division between the Board responsibilities and the executive leadership of the Company. These roles and responsibilities are reviewed annually. A Senior Independent Director has been appointed and Jennifer Bingham led this year's appraisal of the Chair. More details are given at page 94.
- H. Role of the Non-executive Directors. The Non-executive Directors' engagement with management, their constructive challenge and contribution to Board discussion are assessed as part of the Board's annual effectiveness review. Their expected minimum time commitment is set out in their appointment letters and they are required to seek approval for any new external appointments in advance. During the year, the Nominations Committee reviewed proposed external appointments, details of which are set out in the Nominations Committee report on page 93. All Directors' other appointments are listed at pages 80 to 81 and their attendance at meetings on page 80.
- I. Role of the Company Secretary. All Directors have access to the advice and support of the Group Company Secretary and her team. Through her, Directors can arrange to receive additional briefings on the business, external developments and professional advice independent of the Company, at the Company's expense.

APPLYING THE PRINCIPLES OF THE GOVERNANCE CODE (CONTINUED)

Composition, Succession and Evaluation

- J. Appointments to the Board and succession planning. The Nominations Committee report on pages 93 to 94 sets out its activities and areas of focus during the year, including the recruitment of a new Non-executive Director, Board and Committee composition and progress on diversity and inclusion. All the independent Non-executive Directors are members of the Nominations Committee and the Chair of the Board is also Chair of the Committee, save where it considers the role of Board Chair. All Directors are subject to shareholder election or re-election at each AGM, unless retiring at the conclusion of the meeting. None of the Non-executive Directors has served over nine years on the Board.
- K. Skills, experience and knowledge of the Board. During the year, the Nominations Committee commenced the process of recruiting a new Non-executive Director based on an analysis of the skills, experience and knowledge needed. The Nominations Committee report on page 93 gives further details of that recruitment process. Following the recruitment of Shirley Garrood, a series of induction meetings were set up to enable her to gather further insights into the Company. There is a programme of ongoing training for all Board members and during the year there were a series of 'deep dive' presentations on a number of topics in addition to the regular programme of presentations at Board meetings.
- L. Board evaluation. The internal Board evaluation, which took place during the year, is described in the Nominations Committee report on page 94, together with its outcomes.

Audit, Risk, and Internal Control

- M. Internal and external audit. The Audit and Risk Committee currently comprises three independent Non-executive Directors and, on an interim basis, the Chair of the Board. From 21 April 2022 to 30 June 2022, following the resignation of David Bennett as Chair of the Board, the Company did not comply with Provision 24 of the Code which states that the Chair of the Board should not be a Committee member. Clive Adamson retained the role of Chair of the Audit and Risk Committee when he took over as Chair of the Board. The intention was this was an interim solution, while the task of recruiting a new Non-executive Director was ongoing. Clive Adamson intends to hold that role until the AGM, when, subject to her election as a Director and FCA approval, Shirley Garrood will succeed him as Chair of the Audit and Risk Committee and he will step down as a member of the Committee. Further details are set out in the Nominations Committee report on page 93.

The Board delegates a number of responsibilities to the Audit and Risk Committee, including oversight of the Group's financial reporting processes, internal control and risk management systems and the work undertaken by the external and internal auditors. The Committee also supports the Board's consideration of the Company's viability statement and its ability to operate as a going concern. The Audit and Risk Committee report on pages 90 to 92 describes the work of the Committee during the year and how it discharged its duties and responsibilities.

- N. Fair, balanced and understandable assessment. When taken as a whole, the Directors consider the Annual Report and Accounts is fair, balanced and understandable and provides information necessary for shareholders to assess the Company's performance, business model and strategy. A description of how the Audit and Risk Committee ensures a robust process is in place for ensuring that is so, is described on pages 90 to 92.
- O. Risk management and internal control framework. The Board is responsible for setting the Company's risk appetite in line with its long-term strategic objectives, and annually reviews the effectiveness of the Company's risk management and internal control systems. The internal control framework is described on pages 38 to 43. The Audit and Risk Committee has oversight of the effectiveness of internal controls and for developing proposals in respect of overall risk appetite and tolerance as well as metrics to monitor the Group's risk management performance. Further details are set out in the Audit and Risk Committee report on pages 90 to 92 and a description of the principal risks facing the Company is set out on pages 44 to 45.

Remuneration

- P. Remuneration policies and practices. The Remuneration Committee is comprised of all the independent Non-executive Directors and chaired by Helen Beck. The Chair of the Board, who was independent on appointment, is also a member of the Committee. The Group's Remuneration policy is substantially the same for all Group employees and aimed at promoting the long-term and sustainable success of the Company. The Board believes that this aligns the interests of both the Executive Directors and shareholders. The Remuneration report on page 95 provides further details.
- Q. Executive remuneration. The Remuneration Committee has responsibility for determining the policy for executive remuneration and for setting remuneration for the Chair of the Board, Executive Directors and senior management. No Director is involved in deciding their own remuneration and the remuneration of the Chair of the Board and the Non-executive Directors is designed to reflect their time commitment and responsibilities. Further details are set out in the Remuneration report on pages 95 to 126.
- R. Remuneration outcomes and independent judgement. Details of the composition and the work of the Remuneration Committee are reflected in its terms of reference and are set out in the Remuneration report.

Corporate governance framework



Roles of the Board

Executive roles

Chief Executive

Responsible for managing and leading the business and its employees

Chair of the fixed income, equities, healthcare and special situations investment committees

Developing an effective relationship with the Chair and the Board

Leading the business towards achievement of the strategy

Maintaining an effective dialogue with shareholders and stakeholders

Making business decisions (within the framework of the Board's delegated authorities)

Group Finance Director

Managing the Group's capital, cash flow and liquidity

Leading and overseeing the Finance, Middle Office and IT functions, which are responsible for Transaction Processing, Fund Administration, Performance, Data and Client Reporting, Information Technology development and infrastructure

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

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

Responsible for corporate development, including mergers and acquisitions

Managing the Group's subsidiaries

Non-executive roles

Chair

Responsible for leading the Board and its overall effectiveness

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

Facilitating and encouraging an effective contribution from all Board members

Ensuring the Board has clear, accurate and timely information

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

Senior Independent Director

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

Facilitating an annual review of the performance of the Chair

Independent Non-executive Directors

Providing oversight of, but not managing, the business

Providing effective independent oversight and challenge of the executive management

Scrutinising the performance of executive management

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

Board activity during the year

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

September 2021	– Annual Review on the Effectiveness of Risk Management and Internal Control Systems – ICAAP report – Distribution presentation
October 2021	– Emerging Markets Healthcare opportunities presentation – Operations and IT presentation – Investor relations update – AGM arrangements, results of proxy voting and governance agency reports
December 2021	– Annual review of Culture, Conduct and Diversity – Group strategy review – Annual review of delegated authorities and matters reserved to the Board – Modern Slavery Act statement – Chief Risk Officer review – Tax presentation
February 2022	– Review of Seed Capital Policy – Review of FX and Liquidity Management Framework policy and activities – Update on ICAAP and new IFPR requirements – Ashmore Saudi Arabia presentation
March 2022	– Board membership changes and revised committee composition – Approval of Important Business Services and impact tolerances ahead of the introduction of the FCA rules on Operational Resilience
April 2022	– Corporate Debt presentation – Compliance officer report – Renewal of the Group and Funds' insurances
June 2022	– 2022/23 Budget – Operational Resilience programme – ESG presentation

Standing agenda items:

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

Post-meeting:

- 'Meet the teams' sessions
- Non-executive Directors' private sessions
- Board evaluation (once a year)

Board training:

- FCA Senior Managers and Certification Regime
- Cyber security
- Directors' duties
- Ongoing quarterly online training modules

Deep dive presentations for Non-executive Directors:

- Internal Audit review
- Compliance review
- Credit and Counterparty Risk

To provide oversight and challenge

This report outlines the activities of the Audit and Risk Committee for the financial year ended 30 June 2022. The Committee remains central to the oversight of the Group's financial reporting, risk management, control and assurance processes and internal and external audit.

Clive Adamson
Chair

Committee membership

The following Directors served on the Committee during the year and to the date of this report:

- Clive Adamson (Chair);
- Jennifer Bingham;
- Helen Beck; and
- Shirley Garrood (from 1 August 2022).

All are independent Non-executive Directors, save for Clive Adamson. Upon becoming Chair of the Board on 21 April 2022, Clive did not count as an independent Non-executive Director. The Code states that the Chair of the Board should not be a member of the Audit and Risk Committee. Therefore, for part of the year, the Committee's composition was not fully compliant with the Code. An explanation is given in the Nominations Committee report on pages 93 to 94. The attendance record of Committee members is set out in the table on page 80.

The Board is satisfied that for the year under review and going forward, Clive Adamson and Shirley Garrood are the Committee members with recent and relevant financial experience and the Committee as a whole has competence relevant to the sector in which the Company operates. Shirley Garrood will take over as Chair of the Committee following the AGM, subject to her election as Director and FCA approval, and Clive Adamson will retire from the Committee on the same date.

The terms of reference for the Committee can be found on Ashmore's corporate website at: <https://ir.ashmoregroup.com/corporate-governance>

Meetings

During the year ended 30 June 2022, the Committee met four times. Each meeting is divided into two sessions: the first addresses risk management and compliance reporting and the second addresses financial and audit reporting. The GFD, Head of Risk Management and Control, Head of Internal Audit, Group Head of Finance and Group Head of Compliance are invited to attend the relevant sessions of each meeting. The Chair of the Committee typically holds one-to-one meetings prior to the Committee meetings, with the attendees and the external auditor.

In assessing the various key matters relative to its terms of reference and to satisfy itself that the sources of assurance and information the Committee has used to carry out its role to review, monitor and provide assurance or recommendations to the Board are sufficient and objective, the Committee has adopted an integrated assurance approach. This approach relies on the work of the external auditor, and additionally on management assurances received through reports from the GFD, the Group Head of Compliance, the Head of Risk Management and Control, the Head of Internal Audit, and the Group Head of Finance, and also via the existing Ashmore governance framework such as specialised management committees. Other independent assurance is received from the compliance monitoring programme, Internal Audit, and the externally audited ISAE 3402 report on the control environment.

The Committee considered a range of standing topics throughout the year, including product governance, balance sheet risks and risk appetite metrics, subsidiary and funds reporting and governance. The Committee also received reports on the Annual Review of Risk Management and Internal Control Systems as well as special topics such as Operational Resilience and the new IFPR requirements. The Chair reports to the Board on the business of each Committee meeting.

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

Financial statements

The Committee reviewed the 2022 Annual Report and Accounts, the interim results, and reports from the external auditor, KPMG LLP, on the outcome of its reviews and audits in FY2021/22.

Significant accounting matters

During the year, the Committee considered key accounting issues, matters and judgements in relation to the Group's financial statements and disclosures. The principal areas of estimates and judgements are disclosed in note 31 of the financial statements.

Other accounting matters

During the year, the Committee received communications from management and from the external auditor on other accounting matters. The Committee has also reviewed the adoption of the going concern basis in preparing the interim and year end consolidated accounts and considered the longer-term viability statement for the Group, which is described in more detail on page 43.

2018 UK Corporate Governance Code

A separate Corporate governance statement is included on pages 85 to 86 which includes explanation of how the Group has applied each of the Principles of the Code.

External auditor

KPMG LLP (including its prior entity KPMG Audit plc) has acted as external auditor to Ashmore since the IPO in October 2006. The lead audit partner rotates every five years to assure independence. The Committee undertook a comprehensive tender process in March 2016. Mandatory audit firm rotation is required after 20 years and a re-tender must be conducted at least every 10 years. The Committee has no plans at present to re-tender the external audit process. For FY2021/22 Jatin Patel was, with the approval of the Committee, appointed as the new KPMG audit partner with responsibility for the audit of the Group. The outgoing partner, Thomas Brown, attended a final meeting in September 2021.

The external auditor provides reports at each Committee meeting on topics such as the control environment, key accounting matters and mandatory communications. An annual audit plan for the full year and a review plan for the interim statement are presented for the Committee's approval each year, covering key audit matters and scope. There were no new financial accounting Standards or Interpretations in issue and required to be adopted by the Group during the current year. However, the Committee recognises the ongoing scrutiny of companies' ESG-related disclosures and through its review of the Annual Report and Accounts it received confirmation that ESG material had been reviewed and approved by the CEO, who chairs the ESGC, which has oversight of the underlying ESG data. The Committee will maintain its focus on ESG in future due to the importance of this subject.

The Committee also receives presentations from the funds' auditors on the outcome of the fund audits for the year, including any key accounting matters and developments.

External auditor independence

It is the responsibility of the Committee to monitor the performance, objectivity and independence of the external auditor. A policy is in place for permitted non-audit services, to ensure that these do not impair these requirements. In practice, the majority of such services provided to the Company by KPMG LLP are closely related to audit work. All contracts for non-audit services over £25,000 must be notified to and approved by the Chair of the Committee. During the year, approval was given for a review of Ashmore's half-year financial statements and for work on ISAE 3402. ISAE 3402 covers internal control systems and is applicable to Ashmore's offices in London and Dublin, in line with investment management industry standards.

In FY2021/22 the value of non-audit services provided by KPMG LLP amounted to £0.2 million (FY2020/21: £0.2 million). Non-audit services as a proportion of total fees paid to the auditor were approximately 21% (FY2020/21: 22%). The Committee considers this proportion acceptable. Other than as already described, the other non-audit services provided related to supplying mandatory assurance reports in relation to client assets to the FCA (as the regulator of Ashmore Investment Management Limited and Ashmore Investment Advisors Limited).

The assurance provided by the Group's external auditor on the items listed above is considered by the Committee to be strictly necessary in the interests of the business and, by their nature, these services could not easily be provided by a separate professional auditing firm. KPMG LLP does not supply tax compliance or advisory service to the Group. Independent tax advice is supplied by Deloitte LLP.

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

The Committee is required to assess the quality and effectiveness of the external audit process as well as the controls and procedures in place to ensure auditor independence and objectivity. Measures taken by the Committee included detailed questions for both management and the external auditor, and a review of the audit quality statistics. Based on this review, the Committee concurred with management's view that there had been appropriate focus and challenge of the primary areas of audit risk and assessed the quality of the audit to be satisfactory. The Committee was satisfied with the work of KPMG LLP and considered that it remained objective and independent. It therefore recommended to the Board that a resolution be put to shareholders for the reappointment of the auditor at the AGM.

Internal controls and risk management systems

The Head of Risk Management and Control attends each meeting of the Committee and provides reports. These reports have addressed a number of risk-related topics and have demonstrated how the output of the different Investment, Risk and Compliance and Pricing and Valuation Methodology Committees' discussions throughout the period have been effective in highlighting, tracking and contributing towards managing key market, liquidity, credit, counterparty and operational risks. In particular, the Committee received reports on the treatment of assets impacted by the status of real estate investment in China and by the war in Ukraine. In relation to operational risk, the Committee continued to review and discuss the Group's Principal Risk Matrix which functions as an effective tool to highlight and monitor the principal risks facing the Group. During the year, the Committee reviewed the impact of joining NZAMI, the process of setting interim targets for funds and what the risks were around target setting and related measurements.

TO PROVIDE OVERSIGHT AND CHALLENGE (CONTINUED)

The Committee also received a report on, and conducted a review and evaluation of, the system of internal controls and risk management operated within the Company pursuant to the Guidance, prior to final review by the Board.

During the year, the Committee received regular updates on the IFPR requirements which took effect from January 2022. The Committee agreed to have a final ICAAP review for the year ended 30 June 2022. New rules and guidance from the FCA came into force on 31 March 2022, on Building Operational Resilience. This requires firms to introduce operational resilience mapping, testing and tolerances by no later than 31 March 2025. The Committee received regular progress updates.

A detailed description of the risk management framework and the manner in which risks are identified and managed is set out on pages 38 to 45.

Internal audit

The Internal Audit function derives its authority from the Board and operates under its own terms of reference that are reviewed each year. The Board has delegated oversight of the function to the Committee which is responsible for ensuring that it has adequate standing, is properly resourced and free of management or other restrictions.

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

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

Internal Audit provides annual confirmations to the Committee on four areas: internal independence, Internal Audit's ongoing conformance with relevant professional standards, any potential conflicts of interest and the ongoing suitability of the Internal Audit terms of reference. In addition, the Internal Audit Financial Services Code of Practice recommends that committees should obtain an independent and objective external assessment of the Internal Audit function at least every five years, and that this assessment should explicitly include whether Internal Audit conforms with the Internal Audit Financial Services Code of Practice. The Chair of the Committee has recently overseen the process for appointing the next external evaluation of the Internal Audit function's External Quality Assessment review, which will take place in the first half of the next financial year.

After due consideration, and in accordance with the Internal Audit Financial Services Code of Practice, the Committee remains satisfied that the quality, experience and expertise of the Internal Audit function is appropriate, that it is operating effectively for the business and that it has adequate and appropriate resources to fulfil its remit.

Compliance

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

Information security

Information security (including cyber security) is identified as a principal risk to the business which is subject to Ashmore's governance, policies and procedures and risk assessment. The Committee receives annual updates from the Ashmore IT Department on potential cyber security threats and how Ashmore would respond to a significant event. During the year the Committee also received an update on GDPR and compliance monitoring.

ESEF reporting

The Committee noted DTR 4.1.14R, requiring the preparation of the Group's consolidated financial statements using the single electronic reporting format in accordance with ESEF. The Committee ensured that all necessary procedures to prepare the ESEF report had been completed, including involvement of a specialist IT services provider.

Funds' audits

The Committee met with and received reports from the independent auditors of Ashmore sponsored SICAV, US, Guernsey and Cayman funds on the conduct of those audits and outcomes from them, including key accounting matters and developments, and no material issues were raised.

Audit and Risk Committee effectiveness

During the year, there was an evaluation of the effectiveness of the Board, its Committees and individual Directors. Following this evaluation, the Board concluded that the Committee works effectively. Further details of the review are given on page 94.

Clive Adamson

Chair of the Audit and Risk Committee

1 September 2022

To ensure a fair and balanced Board

This report details the role of the Nominations Committee and the important work it has undertaken during the year, including the matters considered and steps taken by the Committee in the year ended 30 June 2022. Ashmore's focus has been on maintaining a strong, value-adding and effective Board, with a broad range of professional backgrounds, skills and perspectives.

Clive Adamson
Chair

Committee membership

The following Directors served on the Committee during the year and to the date of this report:

- David Bennett (to 20 April 2022)
- Clive Adamson
- Jennifer Bingham
- Helen Beck; and
- Shirley Garrood (from 1 August 2022).

David Bennett retired as Chair of the Board and Committee on 20 April 2022. Clive Adamson was appointed Chair of both the Board and the Committee with effect from 21 April 2022. Shirley Garrood joined the Board and the Committee on 1 August 2022.

David Bennett and Clive Adamson were both independent Non-executive Directors prior to taking up their appointments as Committee Chair within the meaning of the Code. The other Committee members are independent Non-executive Directors of the Board.

Only Committee members have the right to attend its meetings. Other individuals such as the Chief Executive, the Group Head of Human Resources, senior management and external advisers may attend meetings as and when appropriate. The attendance record of Committee members is set out in the table on page 80.

Activities

During the year ended 30 June 2022, the Committee met five times and was fully compliant with the Code in respect of its own proceedings.

The Committee considered Non-executive Director succession planning during the year, focusing on diversity as well as cognitive and personal strengths. In doing so, the Committee considered the requirements of the Parker Review, the FCA Diversity and Inclusion Policy Statement and Listing Rule change and the FTSE Women Leaders Review. The Board already meets the gender recommendations as women comprise 50%. The Committee is focused on progress against the recommendation to have at least one director from a minority ethnic group. Details of the gender balance of the senior management and the workforce as a whole are provided on page 52. The Committee examined the composition of the Board and committees in December 2021 and again when considering the appointment of a new Board Chair, as further explained below.

The other significant matters considered are set out below.

Clive Adamson's term of appointment was due to expire in October 2021 at which point he had served as a Non-executive Director for six years. The Committee met without him present to consider extending his term by a further three years. The Code indicates that Non-executive Directors should not serve for more than nine years and Non-executive Directors that have served six years should be subjected to a rigorous review. Having reviewed the contribution he had made to the Company to that point and his extensive and relevant financial experience, the Committee was unanimously of the opinion that this extension should be made.

After being notified that David Bennett would be retiring from his roles at Ashmore, the Committee met to consider whether it was appropriate to appoint an existing Director to the role of Board Chair, or to seek external candidates. Having reviewed Clive Adamson's extensive and relevant financial experience, the Committee unanimously agreed to recommend to the Board that he, then the Senior Independent Director, should be the new Board Chair and Chair of the Nominations Committee. The Committee also agreed that he would retain his existing role as Chair of the Audit and Risk Committee on an interim basis. Both David Bennett and Clive Adamson recused themselves from participation in the meeting. The same meeting recommended that Jennifer Bingham become the Senior Independent Director and retain her responsibility as Director responsible for workforce engagement.

In recommending to the Board that Clive Adamson be retained as Chair of the Audit and Risk Committee on an interim basis, the Committee considered that, among the existing Non-executive Directors, he had the most appropriate experience, and so should continue in that role whilst a successor was found. In this respect, the Committee noted that for a short period of time the Company would not be complying with the Code requirement that the Chair of the Board should not be a member of the Audit and Risk Committee. Clive Adamson's interim position as Chair of that Committee will last until the AGM whereupon he will retire from the Audit and Risk Committee and Shirley Garrood (subject to her election at that meeting and approval from the FCA) will take over as Chair of that Committee.

Prior to notice of David Bennett's resignation, the Committee had commenced preparatory work to source potential candidates by the end of 2022 with both accounting and financial services experience, and to seek candidates with the right combination of skills and experience in the context of Ashmore's commitment to diversity and inclusion. Whilst Shirley Garrood's status as a potential candidate arose from industry connections, in considering her appropriateness, the Committee focused on her extensive financial and asset management experience. The Committee also undertook a thorough investigation into her skills, past experience, other time commitments and any potential conflict of interest. Therefore, whilst the Committee is aware of the Code expectation that an external search consultancy or open advertising should generally be used for the sourcing of candidates, given the suitability of Shirley Garrood, it was considered that departure from this expectation was acceptable. Since joining the Board on 1 August 2022, Shirley Garrood has undertaken a comprehensive induction programme which included meetings with all department heads to enable her to gather further insights into the firm and its operations.

The Committee's terms of reference require it to note any changes to Ashmore's leadership with a view to ensuring the Company's continued ability to compete effectively in the marketplace. During the year, changes to the roles held by senior management were noted and considered to be of a standard that would leave the Company able to compete to the standards required.

The Committee is also tasked with considering significant new appointments for Non-executive Directors to ensure that any additional time commitment does not compromise their commitment to their roles at Ashmore and, as part of this, the Committee also notes when previous external roles come to an end. During the year, the Committee considered various proposals for Non-executive Directors to take on other roles. Taking into account the proposed time commitments of each of these new roles, it was decided that they would not impair the Directors' commitment to Ashmore. Having confirmed that there were no conflicts of interests, these proposed appointments were considered and approved. As of 1 September 2022, Helen Beck has been appointed as a Non-executive Director of Irwin Mitchell Holdings Limited, however, the other appointment is yet to take effect.

Following the triennial externally facilitated Board evaluation in 2021, this year there was an internal Board evaluation in accordance with the Code requirement. As part of this process, the Chair interviewed each Director and held discussions with the Board, together with the Company Secretary, focusing on the Board's priorities during the year, the committees' responsibilities and how they were discharged, together with the quality of reporting. The Board was of the view that the Board and each of its committees is operating soundly to fulfil its critical functions and the Board is satisfied with the governance structures in place and with the quality of information being provided. As Clive Adamson became Chair in April 2022, the evaluation of him as Chair, conducted by Jennifer Bingham in her capacity as Senior Independent Director, focused on his brief period in the role, the functioning of that position beforehand, as well as looking forward to 2023. Following this Board evaluation, the Board agreed areas of focus for the coming year, including shareholder engagement ahead of the triennial Remuneration policy vote in 2023, refinements to the 'meet the teams' sessions to continue to strengthen the Board's interaction with employees in overseas offices, and further Board visits to other local offices following the first such trip planned for Singapore and Indonesia in 2022.

Clive Adamson

Chair of the Nominations Committee

1 September 2022

Ensuring alignment between employees and shareholders

This report outlines the activities of the Remuneration Committee for the financial year ended 30 June 2022. The Committee is responsible for setting and overseeing the operation of the Remuneration policy for both Executive Directors and the wider workforce.

Helen Beck
Chair

Committee membership

The following Directors served on the Committee during the year and to the date of this report:

- Helen Beck (Chair);
- Clive Adamson;
- David Bennett (to 20 April 2022);
- Jennifer Bingham; and
- Shirley Garrood (from 1 August 2022).

David Bennett retired as Chair of the Board on 20 April 2022. Clive Adamson was appointed Chair of the Board with effect from 21 April 2022. Shirley Garrood joined the Board and the Committee on 1 August 2022.

David Bennett and Clive Adamson were both independent Non-executive Directors prior to taking up their appointments as Chair within the meaning of the Code. The other Committee members are independent Non-executive Directors of the Board. Only Committee members have the right to attend its meetings. Other individuals such as the CEO, the Group Head of Human Resources and external advisers may attend meetings as and when appropriate. The attendance record of Committee members is set out in the table on page 80.

Activities

During the year ended 30 June 2022, the Committee met five times and was fully compliant with the Code in respect of its own proceedings.

At the beginning of FY2021/22 the Committee added more detailed ESG metrics into the annual performance measures for Executive Directors, confirming the Company's commitment to focus on this important area. Specifically these are to ensure adequate progress is made in relation to Ashmore's ambition to become carbon neutral, to ensure continued funding and support for the activities of The Ashmore Foundation and to support efforts to ensure that Ashmore's ESG ratings are appropriate, consistent with the peer group and do not fall below investors' expectations.

The Committee considered the performance of the Executive Directors and their personal contribution to business performance and outcomes, the performance of employees categorised as material risk takers under the FCA's AIFMD and BIPRU remuneration codes, and determined the appropriate remuneration outcomes for these groups. In addition the Committee oversaw the remuneration of all employees performing control function roles.

The Committee also evaluated and determined the vesting outcomes for equity awards made to Executive Directors which vest subject to the application of performance conditions.

Remuneration governance featured as a significant part of the Committee's activities through the period, in preparation for compliance with the FCA's IFPR and the associated MIFIDPRU remuneration regulations that come into effect for Ashmore for the performance year commencing 1 July 2022.

The application of a MIFIDPRU compliant remuneration policy alongside the existing AIFMD remuneration policy will introduce additional elements, including enhanced malus and clawback requirements during FY2022/23.

The Committee reviewed the share plan rules in regard to the treatment of shares which vest on termination of employment for Executive Directors. With immediate effect, the Committee has amended the award terms to ensure that new awards granted to Executive Directors in 2022 will normally vest no sooner than their original vesting date following termination of employment (except in the event of death) and will not be accelerated to the termination date.

The Committee has also amended the Share Plan rules to ensure that in a scenario where the application of malus and clawback is potentially to be considered, but a final determination has not yet been made, delivery of vested shares or the proceeds from the sale of vested shares can be delayed until a final conclusion has been reached.

Ashmore's remuneration policies apply in the majority to both Executive Directors and other employees, and so the Committee takes responsibility for considering the impact of changes to policy for all employees.

The Remuneration report for FY2021/22 has been reviewed and restructured by the Committee during the period, with the intention of providing shareholders with a clearer and more accessible presentation of both the Annual Report on Remuneration, and the elements of the report required to comply with reporting requirements. In response to shareholder feedback, the restructure also includes further disclosure in regard to the activities of the Committee and the many factors it considers when determining remuneration outcomes.

The report is presented in a number of sections:

1. An 'at a glance' summary, detailing this year's remuneration outcomes for the CEO and GFD.
2. An explanation of Ashmore's approach to remuneration.
3. The Remuneration Committee's review of the Executive Directors' performance for FY2021/22, including the key metrics behind that assessment.
4. Details of shares with additional performance conditions attached, vesting and being granted.
5. The Annual Report on Remuneration, which explains how the current Remuneration policy has been applied during the year and which will be subject to an advisory vote at the AGM on 14 October 2022.
6. Remuneration governance and the Directors' Remuneration policy, which was approved by shareholders at the October 2020 AGM for three years.

ENSURING ALIGNMENT BETWEEN EMPLOYEES AND SHAREHOLDERS (CONTINUED)

Ashmore's approach to remuneration

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

Ashmore's team-based approach to investment management is mirrored across all areas of the business, with a collegiate, collaborative, pragmatic, client-focused and mutually supportive culture being the result. Maintaining this approach through market cycles, with continuity of personnel in the investment management teams, distribution and support functions, all of whom are remunerated through a similar pay structure.

The policy therefore allows the Remuneration Committee to vary the awards made to senior managers and Executive Directors in order to reflect the performance of both the business and the individual in any given period.

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

Performance during FY2021/22

The challenging geopolitical and macro economic environment has significantly contributed to the financial performance of the Group during the reporting period being weaker compared with the prior year.

Whilst it is recognised that the long-term growth opportunities across the Emerging Markets remain significant and that valuations for Emerging Markets assets are currently at highly attractive levels, investment performance in the period has suffered.

Relative to the Group's key performance measures during the year and in comparison to the prior period, AuM dropped by 32%, EBIT dropped by 54% and the percentage of funds outperforming relative to their benchmarks dropped over one, three and five years.

However, as noted in detail elsewhere in this report, there are a number of areas which have been well managed during the year: the disciplined approach to operating costs, substantial progress made in relation to ESG initiatives, the increasing significance of the local asset management businesses and the continued strong governance and control framework.

Performance assessment and bonus awards for FY2021/22

The financial performance of the Group is weaker relative to the prior period, and therefore given the overall cap on VC as a percentage of profits, the amount available for VC has also reduced proportionately.

However, in addition to this proportionate reduction in the amount available, the Remuneration Committee has determined that in order to further reflect the shareholder experience and financial performance in the period the VC percentage should be reduced to 21.5% of EBVCIT (FY2020/21: 22%).

As can be seen in more detail on page 30, this has been a challenging year, with AuM development, investment performance and profitability over the period, which together form a large part of the measurement of the CEO's performance, not being at a satisfactory level. Despite the good work that has been done by the CEO in many other areas, the outcome of the Remuneration Committee's deliberations was to exercise its discretion to not make an award to the CEO this year.

The GFD took on incremental responsibility during the period for middle office operations and information technology and demonstrated strong personal performance, but in a business with reduced profitability the Committee determined that his bonus should be reduced by 6% relative to FY2020/21 to £800,000.

The Remuneration Committee considered the performance of the Executive Directors in the round, taking into account their performance criteria, and determined that the outcomes for the Executive Directors are fair, and therefore there is no justification to consider applying malus or clawback to current or prior year awards.

Base salary for FY2022/23

The Remuneration Committee and management team have spent considerable time during the period reviewing basic salaries for all employees, including Executive Directors.

The Directors Remuneration Policy currently caps basic salaries for Executive Directors at £120,000, however, in practice basic salaries for Executive Directors have been capped at £100,000 since the Company listed in 2006.

In order to reflect the GFD's significant increase in responsibilities during FY2021/22, as noted above, the Remuneration Committee has determined that his basic salary should increase in FY2022/23 to £120,000. The CEO's basic salary has not been increased.

Increases in basic salaries for employees categorised as material risk takers under the FCA's AIFMD and BIPRU remuneration codes were also approved by the Remuneration Committee at similar levels, as were increases for a significant number of other employees, which will be reported in the 2022/23 Annual Report on Remuneration.

Directors' Remuneration policy

As noted on page 119 the Company has a comprehensive shareholder engagement process.

The current Directors' Remuneration policy was approved by shareholders in October 2020. In advance of the triennial binding shareholder vote on the policy in 2023, I look forward to consulting with stakeholders including shareholders, in order that consideration can be given to their views in formulating any required or desirable changes.

Together with my colleagues on the Remuneration Committee I would welcome your support for the 2022 Annual Report on Remuneration.

Helen Beck

Chair of the Remuneration Committee

1 September 2022

Remuneration at a glance

for the year ending 30 June 2022

The Chief Executive Officer's remuneration outcomes

The CEO was not awarded a bonus for the year ending 30 June 2022, reflecting overall business and financial performance during the period and the Remuneration Committee's strict application of its discretion.

Shares awarded to the CEO in 2016 reached their vesting date during FY2021/22. A proportion of these awards were subject to performance conditions, based on investment performance, increasing AuM, profitability and relative TSR and partially vested once these conditions had been applied. In addition, the CEO received £103,010 in dividend equivalents related to the 2016 awards which were rolled up and paid to the extent the underlying awards vested.

Salary	91%
Pensions	8%
Taxable benefits	1%
Annual cash bonus	0%
Annual bonus deferred into equity	0%
Annual bonus deferred into equity, with additional performance conditions	0%

The Group Finance Director's remuneration outcomes

The GFD has voluntarily elected to defer for five years the maximum 50% of his cash bonus into an equivalent value of restricted shares, and as a result will receive a matching restricted share award. The GFD's annual bonus comprising cash and restricted share awards at grant value for FY2021/22 is £1,040,000 (FY2020/21: £1,105,000).

Shares awarded to the GFD in 2016 reached their vesting date during FY2021/22. A proportion of these awards were subject to performance conditions, based on investment performance, increasing AuM, profitability and relative TSR, and partially vested once these conditions had been applied. In addition, the GFD received £51,505 in dividend equivalents related to the 2016 awards which were rolled up and paid to the extent the underlying awards vested.

Salary	9%
Pensions	1%
Taxable benefits	0%
Annual cash bonus	20%
Annual bonus deferred into equity	46%
Annual bonus deferred into equity, with additional performance conditions	24%

Chief Executive Officer – variable remuneration outcomes over time¹

The chart below shows variable remuneration awarded to the CEO each year between 2011 and 2022. As can be seen, the Remuneration Committee exercises its discretion in setting the annual level of award at an appropriate level based on the performance of the business.

Comparison of total remuneration and dividends paid²

The chart below compares the annual total cost of remuneration paid to employees, comprising personnel expenses and variable compensation, with the value of ordinary dividends paid to shareholders in each year.

1. This chart includes data on shares awarded between 2010 and 2016 which vested between 2015 and 2021. No cash bonus or shares were awarded in 2014, 2020 or 2022 to reflect business performance and the Remuneration Committee's application of strict discretion. The chart will be updated in future years to show the vesting outcomes for shares awarded from 2016 onwards.

2. Dividends includes the estimated cost of the proposed final dividend for FY2021/22.

Ashmore's approach to remuneration

The Remuneration Committee is guided by a clear set of remuneration principles, with a comprehensive approach to determining variable pay outcomes.

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

1. Discretion and flexibility

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

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

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

2. Alignment with stakeholders

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

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

Up to 77% of VC is delivered in Ashmore shares, restricted and deferred for five years.

A significant proportion of Executive Directors' VC will only vest subject to the achievement of stretching performance targets, closely aligned with the Group's KPIs.

3. Consistency across the Group

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

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

4. Pay for long-term performance

The Remuneration Committee considers the performance of Executive Directors and senior managers over the long term, taking account of progress over a multi-year period, annual performance in the context of the business and progress made towards both its strategic objectives and its KPIs. Awards are subject to performance conditions over a five-year performance period.

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

Factors considered include:

Financial

- Group financial performance
- Group EBIT
- Movement in management fee margins
- Movement in assets under management
- Absolute and relative investment performance for each investment theme over one, three and five years
- Cost management

Non-Financial

- Progress in relation to the Group's strategic objectives
- ESG matters
- Employee turnover, retention of key employees, recruitment and succession planning and employee diversity
- Culture and conduct risk indicators

Remuneration governance

- The overall VC pool available in the period
- Compliance with relevant regulatory and corporate governance requirements
- Input from the Group Head of Compliance and the Head of Risk Management and Control regarding organisational and individual performance in these areas over the year
- Whether any instances have occurred that may warrant the application of malus or clawback to previously granted awards

Key business metrics aligned to long term performance, delivering a strong equity ownership culture.

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

AuM development
Compound increase in AuM (US\$bn)

Investment performance
% of AuM outperforming benchmarks

Profitability
Diluted EPS performance relative to Emerging Markets indices (%)

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

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

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

40%

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

Review of performance over the period

for the year ending 30 June 2022

Financial measures

Committee assessment

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



During FY2021/22 adjusted net revenues declined by 13% to £257.2 million (FY2020/21: £296.6 million) and adjusted EBITDA fell by 16% to £164.3 million (FY2020/21: £195.7 million). AuM fell by 32% year-on-year to US\$64.0 billion. Continued focus on cost management meant that the adjusted EBITDA margin was 64% (FY2020/21: 66%). Diluted EPS declined by 63% to 12.6p, as a result of unrealised mark-to-market losses on the Group's seed capital investments. The Group's strong and liquid balance sheet was maintained, with capital resources of £788.7 million and excess regulatory capital of £663.5 million.

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

Group EBIT



2021/22: £119.2m

2020/21: £258.3m

Movement in management fee margins



2021/22: 39 bps

2020/21: 41bps

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 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 an 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.

Cost management



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). On an adjusted basis, taking into account the impact of seed capital and the VC accrual on FX 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. Adjusted operating costs before VC were 5% higher at £51.5 million (FY2020/21: £49.0 million).

Financial measures

Absolute and relative investment performance for each of the principal investment themes over one, three and five years



Committee assessment

Absolute performance by theme

% AuM outperformance within each theme as at 30 June 2022

By AuM	1 year	By AuM	3 years	By AuM	5 years
External debt	40%	External debt	25%	External debt	48%
Local currency	91%	Local currency	55%	Local currency	96%
Corporate debt	0%	Corporate debt	11%	Corporate debt	11%
Blended debt	38%	Blended debt	11%	Blended debt	19%
Equities	24%	Equities	24%	Equities	50%
Overall	45%	Overall	28%	Overall	48%

In fixed income, local currency and investment grade products are performing well and in equities frontier market products are performing well. Other investment themes are underperforming relative to benchmarks with 45% of AuM outperforming over one year and 28% over three years. 48% of assets are outperforming benchmarks over five years.

Relative performance by theme (quartiles)

	1 year	3 years	5 years
External debt	Q4	Q4	Q4
Local currency	Q2	Q2	Q2
Corporate debt	Q4	Q4	Q4
Blended debt	Q4	Q4	Q4
Frontier Markets equity	Q1	Q2	Q2
All Cap equity	Q4	Q2	Q1
Active equity	Q3	Q3	Q2

Investment performance relative to peers remains positive for local currency and frontier equity over one, three and five years. All cap equity is performing well over three and five years, and active equity over five years. External, Corporate and Blended debt are underperforming over one, three and five years.

Movement in AuM for each of the principal investment themes



Opening AuM at 30 June 2021 was US\$94.4bn

Year end AuM was US\$64.0bn

	AuM 30 June 2021 US\$bn	Performance US\$bn	Gross subscriptions US\$bn	Gross redemptions US\$bn	Net flows US\$bn	Reclass	AuM 30 June 2022 US\$bn
External debt	18.7	(4.2)	3.7	(3.8)	(0.1)	–	14.4
Local currency	31.9	(3.2)	3.5	(10.8)	(7.3)	(0.8)	20.6
Corporate debt	11.3	(3.2)	0.9	(2.2)	(1.3)	–	6.8
Blended debt	23.4	(5.2)	2.1	(6.4)	(4.3)	0.5	14.4
Equities	7.7	(0.7)	2.7	(3.4)	(0.7)	–	6.3
Alternatives	1.4	(0.1)	0.2	–	0.2	–	1.5
Total	94.4	(16.6)	13.1	(26.6)	(13.5)	(0.3)	64.0

Investment performance during the period contributed to 55% of the reduction in AuM with net redemptions contributing 45%.

REVIEW OF PERFORMANCE OVER THE PERIOD (CONTINUED)

for the year ending 30 June 2022

Non-financial measures

Committee assessment

Progress in relation to the Company's strategic objectives



Phase 1: Establish Emerging Markets asset class

The Emerging Markets allocation opportunity remains substantial, but challenging market conditions, particularly following Russia's invasion of Ukraine in February 2022, meant that investors globally sought to reduce risk.

Phase 2: Diversify investment themes and developed world capital sources

Ashmore's equities business has grown, increasing its share of AuM from 8% to 10% over the year.

The fixed income business continues to diversify, with investment grade products increasing from 11% to 14% of total fixed income AuM.

Broad market risk aversion, particularly in the second half, led to intermediary retail AuM falling from 8% to 5% of AuM.

Phase 3: Mobilise Emerging Markets capital

The local platforms proved resilient, with aggregate AuM falling by only 3%. Ashmore Colombia raised a third private equity fund and continues to target additional capital to invest in real assets. AuM sourced from Emerging Markets domiciled clients increased from 26% to 27% over the year.

Overall progress towards these three strategic goals has continued through FY2021/22, albeit progress slowed relative to the prior period as a result of broad market risk aversion.

Environmental, social and governance matters



During FY2021/22, Ashmore became a signatory to NZAMI and has recently submitted interim targets. Significantly enhanced disclosure is provided on climate-related risks and opportunities, including in relation to how the Group has offset prior year GHG emissions through The Ashmore Foundation, supporting projects in developing countries with environmental and social benefits. In addition, a more detailed explanation has been provided in relation to how the Board has considered the Group's stakeholders in its decision making, which can be found in the Section 172 statement on pages 46 to 48.

The Board previously approved an annual charitable contribution equivalent to 0.5% of the Group's profit before tax. This means that in respect of FY2021/22, the Group will make a payment of £0.6 million (FY2020/21: £1.0 million) to The Ashmore Foundation and other charitable activities.

Ashmore improved its Sustainalytics ESG rating during the year and moved from the 'medium' to 'low' ESG risk category. It has maintained an AA ESG rating from MSCI and is a member of the FTSE4Good equity index.

Non-financial measures**Committee assessment**

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



The Group's permanent average headcount increased slightly over FY2021/22 to 305 employees, as a result of local office growth, of which 299 are involved in investment management-related activities (FY2020/21 averages: 301 and 295, respectively), demonstrating strong cost control.

Employee turnover increased during FY2021/22, after a period of suppression during COVID-19, with unplanned turnover for the Group excluding the subsidiaries at 8.3% (FY2020/21: 3.7%) and at 10.5% including the subsidiaries (FY2020/21: 6.6%); the increase including subsidiaries reflects the different nature of the employment environments the subsidiaries operate in.

During the period succession plans were implemented for four roles, two Non-executive Directors and two senior management roles with a smooth transition between individuals taking place.

The Group has continued to monitor and take positive steps in relation to diversity and inclusion matters, with initiatives underway to support the development of the pipeline of under-represented groups into the workplace. The Group successfully returned to predominantly office-based working during the period, after COVID-19, which has further reinforced Ashmore's team based culture.

The Group has been successful in its recruitment activities, and has been able to hire experienced and appropriately qualified staff where and when required.

The GFD assumed additional incremental responsibility for the Middle Office Operations and Information Technology functions during the period. These have been managed effectively since his increase in responsibility.

The Remuneration Committee is satisfied that the Group is managed effectively and is adequately resourced.

Culture and conduct risk indicators



The Remuneration Committee reviews a dashboard of indicators on an annual basis which seek to measure and monitor aspects of organisational culture. During FY2021/22 24 indicators were reported on under the headings of 'tone from the top', incentive structures and remuneration, effectiveness of management and governance and individual accountability. There were no matters of concern arising during FY2021/22 that would warrant the Remuneration Committee questioning the management of the Group or indicating poor organisational culture or conduct risks.

Remuneration Committee's consideration and risk adjustment

The Remuneration Committee determines the VC pool based on a balanced scorecard of factors at the Group level, and applies discretion rather than a formulaic approach in order to deliver outcomes which reflect the best value for shareholders.

Remuneration governance	Committee assessment
The overall bonus pool available in the period, including within that the sum required to fund bonuses for staff other than the Executive Directors and senior management, is at an appropriate level to ensure retention and an appropriate level of reward	The Remuneration Committee is satisfied the Group has been profitable over the period and has sufficient funds available to pay staff bonuses without any negative impact to the Company's liquidity and overall financial position. The Company's approach to funding its total variable remuneration means it only pays out a capped proportion of annual profits and this supports its ability to ensure a sound capital base. The Company pays employees an amount in total of up to 25% EBVCIT from the performance / financial year in question. The financial performance of the Group is weaker relative to the prior period and therefore given the overall cap on VC as a percentage of profits, the amount available for VC has also reduced proportionately. However, in addition to this proportionate reduction in the amount available, the Remuneration Committee has determined that in order to further reflect the shareholder experience and financial performance in the period the VC percentage available to fund bonus awards for all employees and Executive Directors should be reduced to 21.5% of EBVCIT (FY2020/21: 22%).
Compliance with relevant regulatory and corporate governance requirements	The Group has in place an effective governance framework and has sufficiently independent and adequately resourced control functions, which have operated effectively over FY2021/22. The Remuneration Committee is satisfied that all relevant regulatory and corporate governance requirements have been met appropriately.
Input from the Global Head of Compliance and the Head of Risk Management and Control regarding organisational performance in relation to compliance and risk management over the year, in order that the Remuneration Committee may consider any ex-ante bonus pool adjustments	The Remuneration Committee received a report, provided to the Audit and Risk Committee, detailing the measures undertaken by the Company in regard to ensuring that all compliance and risk management processes have been adhered to, and highlighting any issues that the Global Head of Compliance and Head of Risk Management and Control felt should be brought to the attention of the Remuneration Committee. There have been no matters of concern during the period that would warrant the Remuneration Committee considering reducing the potential bonus pool available for staff awards for FY2021/22.
Whether any instances have occurred which may warrant the application of malus or clawback to previously granted awards	Having reviewed all of the information provided to it, the Remuneration Committee has determined that there is no cause to apply malus or clawback to any previously granted awards for Executive Directors.

Executive Directors' remuneration outcomes

The Remuneration Committee considered the qualitative and quantitative inputs provided to it by the management team across the range of areas detailed above and, to assist shareholders in understanding their decision making, summarises its assessment of performance as follows:

Chief Executive Officer	Group Finance Director
The CEO's short-term performance is assessed on: – 75% on financial performance measures including effectively managing investment performance to deliver consistent growth relative to each investment theme, maintaining and increasing AuM and maintaining and increasing EBIT; and – 25% on non-financial management performance, including management of matters relating to ESG, strategy development and implementation, recruitment, staff turnover and succession planning and regulatory and compliance adherence.	The GFD's short-term performance is assessed on: – 85% on his management of the Finance, Middle Office Operations, Information Technology, Corporate Development and Investor Relations departments and on his management of subsidiary business activities outside the UK, including joint ventures; – 15% on contribution to the development and implementation of strategic goals and increasing value for shareholders, investor relations and communication, broadening the shareholder base and communicating effectively with all relevant stakeholders.
Financial and non-financial measures As detailed elsewhere in this report, FY2021/22 has been a challenging year of global macro headwinds which have resulted in reduced financial performance in the period being assessed by the Remuneration Committee. The financial measures represent the greater proportion of the areas considered by the Remuneration Committee in determining annual remuneration for the CEO, in order that there is a clear alignment of annual incentives with the Group's KPIs and the delivery over time of value for shareholders. Relative to the Group's and the CEO's key performance measures during the year and in comparison to the prior period, AuM dropped by 32%, EBIT dropped by 54% and the percentage of funds outperforming relative to their benchmarks dropped over one, three and five years. During the period positive developments related to non-financial measures have taken place in regards to ESG, and the business remains well governed with the appropriate personnel and resources in place.	Business management and contribution to strategy In the Remuneration Committee's assessment, the GFD has performed well in FY2021/22, significantly expanding his portfolio of responsibilities and the areas of the business he is responsible for during the period. The departments he is now responsible for continue to be run effectively, with stable, high quality teams in place and delivering timely and effective outputs. The subsidiary businesses have continued to perform well, maintaining AuM through challenging market conditions, becoming a relatively more material part of the Group's operations through the period and remain well integrated with the Group. The GFD played a leading role in managing Ashmore's response to COVID-19 and returning to predominantly office based working. Operating costs remained well managed by the GFD, reducing by 7% relative to the prior period, supporting the adjusted EBITDA margin. Ongoing contribution to business strategy, investor relations and shareholder and third-party relationship management remains effective.

Executive Director annual bonus awards for the year ending 30 June 2022

The Remuneration Committee has considered these inputs and has determined that the reduced financial performance in the period must be recognised in this year's award levels. The Committee also recognises that despite the weaker financial performance in the period, the GFD has taken on greater responsibility and has personally performed well; the CEO and GFD will therefore be awarded bonuses as follows:

	Annual bonus award
Mark Coombs	–
Tom Shippey	£800,000

Performance conditions, vesting outcome and grant

The vesting of 50% of restricted share awards and 50% of matching share awards awarded in 2016 was contingent on meeting stringent long-term performance conditions, clearly aligned with the achievement of the Group's strategic objectives and KPIs.

Figure 1

Performance conditions' vesting scale

Performance condition	Performance	% of award vesting
TSR	Below median of peer group	Zero
	Median	25%
	Between median and upper quartile	Straight-line proportionate vesting
	Upper quartile	100%
Investment outperformance	Below 50% of assets outperforming the benchmarks over three and five years	Zero
	50% of assets outperforming the benchmarks over three and five years	25%
	Between 50% and 75% of assets outperforming the benchmarks over three and five years	Straight-line proportionate vesting
	75% or above of assets outperforming the benchmarks over three and five years	100%
Growth in assets under management	Below 5% compound increase in AuM over the five-year performance period	Zero
	5% compound increase in AuM over the five-year performance period	25%
	Between 5% and 10% compound increase in AuM over the five-year performance period	Straight-line proportionate vesting
	10% or above compound increase in AuM over the five-year performance period	100%
Profitability – Ashmore's diluted EPS performance relative to a combination of Emerging Markets indices representative of the markets in which Ashmore invests, determined by the Remuneration Committee and based on the underlying structure of the business	Below the benchmark return	Zero
	At the benchmark return	25%
	Between the benchmark return and 10% outperformance	Straight-line proportionate vesting
	At or above 10% outperformance relative to the benchmark return	100%

Figure 2**TSR peer group**

The Remuneration Committee decided to remove relative total shareholder return (TSR) as a vesting condition from July 2018 onwards, based upon its observations over the past decade and combined with external advice, that there are no other listed asset managers dedicated to managing investments in Emerging Markets and therefore whose share price is influenced by particular external macroeconomic factors in the same way as Ashmore's. The TSR peer group therefore relates only to awards granted in 2016 and 2017. Companies who have delisted during the performance period have been removed from the comparator group.

Company	Country of listing
Affiliated Managers	USA
Alliance Bernstein	USA
BlackRock	USA
CI Financial	Canada
Federated Hermes	USA
Franklin Resources	USA
GAM Holding (2016 and 2017 awards only)	Switzerland

Company	Country of listing
Invesco	USA
Janus Henderson Investors (added in May 2017)	USA & Australia
Jupiter Fund Management	UK
Man Group	UK
Schroders	UK
SEI Investments	USA
T Rowe Price	USA

PERFORMANCE CONDITIONS, VESTING OUTCOME AND GRANT (CONTINUED)

Performance and vesting outcome for the CEO and GFD's 2016 long-term incentive awards which vested during FY2021/22

During FY2021/22, shares awarded to Mark Coombs and Tom Shippey in 2016 reached their vesting date. On the vesting date, all bonus shares and half of the restricted and matching shares vested. Performance conditions were applied to the vesting of half of the restricted and matching shares awarded. Each performance condition was equally weighted at 25%. The performance outcomes, relative to the performance conditions vesting scale shown in Figure 1, are shown in Figure 3. TSR performance condition calculations were provided by Deloitte.

Figure 3**Vesting outcome for CEO and GFD's 2016 long-term incentive awards subject to performance conditions**

		CEO					GFD		
Performance measure assessment		Vesting percentage	Type of share award	Restricted and matching shares awarded subject to performance conditions	Shares vesting	Shares lapsing	Restricted and matching shares awarded subject to performance conditions	Shares vesting	Shares lapsing
Investment performance	73% of AuM were outperforming over 3 and 5 years	94%	Restricted shares	22,088	20,845	1,243	11,044	10,423	621
			Matching shares	16,566	15,634	932	8,283	7,817	466
Increasing AuM	The compound annual growth in AuM over the five-year period, from US\$52.6 billion to US\$94.4 billion, was above 10%. Actual was 12.4%	100%	Restricted shares	22,088	22,088	–	11,044	11,044	–
			Matching shares	16,566	16,566	–	8,283	8,283	–
Profitability	On a compound basis, Ashmore increased its diluted EPS by 13.5% per annum over the five-year period, exceeding the 7.6% compound return from the benchmark index	70%	Restricted shares	22,088	15,400	6,688	11,044	7,700	3,344
			Matching shares	16,566	11,550	5,016	8,283	5,775	2,508
TSR	The Company's TSR was 43.5%, which ranked Ashmore at 5.84 relative to the TSR peer group of 13 companies; the median rank which would have resulted in 25% vesting was 7 or a TSR of 37.8%. The upper quartile rank which would have resulted in 100% vesting was 4 or a TSR of 122%. Therefore 54.1% of the restricted and matching share awards vested	54%	Restricted shares	22,088	11,950	10,138	11,044	5,975	5,069
			Matching shares	16,566	8,962	7,604	8,283	4,481	3,802
Totals		80%		154,616	122,995	31,621	77,308	61,498	15,810

The Remuneration Committee has discretion to adjust the vesting level of the awards if it considers that the vesting level does not reflect the underlying financial or non-financial performance over the vesting period; or the vesting level is not appropriate in the context of circumstances that were unexpected or unforeseen; or there exists any other reason why an adjustment is appropriate, taking into account such factors as the Remuneration Committee considers relevant. The Remuneration Committee has not applied its discretion to alter the number of awards vesting during FY2021/22.

Figure 4

Long-term incentive awards made during the year ended 30 June 2022 – audited information

Name	Type of award	No. of shares	Date of award	Share award price ² (£)	Face value (£)	Face value (% of salary)	Performance period end date
Mark Coombs ¹	Restricted shares	144,915	16 September 2021	£3.7512	£543,605	544%	15 September 2026
Mark Coombs ¹	Matching shares	108,686	16 September 2021	£3.7512	£407,703	408%	15 September 2026
Tom Shippey ¹	Restricted shares	90,638	16 September 2021	£3.7512	£340,001	340%	15 September 2026
Tom Shippey ¹	Matching shares	67,979	16 September 2021	£3.7512	£255,003	255%	15 September 2026

1. Executives may voluntarily defer their cash bonus into shares in order to receive an equivalent level of matching shares and are also required under the AIFMD rules to defer a portion of their cash bonus for six months. These awards are not subject to any performance conditions and so are not included in Figure 4; full details can be found in Figure 6.

2. Based on the average Ashmore Group plc closing share price for the five business days prior to the grant date.

Long-term incentive awards made during the year ended 30 June 2022 – performance conditions

Figure 4 provides details of the long-term incentive awards that were made during FY2021/22. These represent the restricted and matching share awards, 50% of which are subject to additional performance conditions, and will vest on the fifth anniversary of the award date, to the extent that the performance conditions are met. The remaining 50% are subject to continued employment.

The performance conditions for the most recent awards were a combination of:

- 33.3% investment outperformance, relative to the relevant benchmarks over three and five years;
- 33.3% growth in assets under management, demonstrated through a compound increase in AuM over the five-year performance period; and
- 33.3% profitability, demonstrated through Ashmore's diluted EPS performance relative to a comparator index over the five-year performance period.

The performance conditions' vesting scale and the TSR peer group, which relates to share awards made until September 2017, are shown in Figures 1 and 2 respectively.

Payments to past directors

No payments were made to past directors during FY2021/22.

Payments for loss of office

No payments were made for loss of office during FY2021/22.

Non-Executive Director fees at 30 June 2022

Non-executive Director fees paid at 30 June 2022 are shown below. David Bennett retired as Chair of the Board on 20 April 2022.

	All inclusive fee
Clive Adamson	150,000
Helen Beck	75,000
Jennifer Bingham	70,000
Shirley Garrood ¹	60,000

1. Shirley Garrood joined the Board on 1 August 2022.

Annual report on remuneration

This part of the report has been prepared in accordance with Part 3 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 and 9.8.6R of the Listing Rules.

Figure 5

Remuneration for the year ending 30 June 2022 – audited information

The table below sets out the remuneration received by the Directors in the year ending 30 June 2022.

		Executive Directors					
		Mark Coombs 1, 4, 5, 7, 8, 9, 10, 11	Tom Shippey 1, 4, 6, 8, 9, 10, 11	Clive Adamson 10	Helen Beck 10	David Bennett 10, 12	Jennifer Bingham 10
Salary and fees	2022	100,000	100,000	97,365	75,000	120,577	61,782
	2021	100,000	100,000	85,000	5,000	150,000	60,000
Taxable benefits	2022	1,123	2,808	–	–	–	–
	2021	901	2,253	–	–	–	–
Pensions	2022	9,000	9,500	–	–	–	–
	2021	9,000	9,500	–	–	–	–
Cash bonus	2022	0	232,800	–	–	–	–
	2021	394,200	247,350	–	–	–	–
Voluntarily deferred share bonus ⁴	2022	0	287,000	–	–	–	–
	2021	407,700	255,000	–	–	–	–
Mandatorily deferred share bonus ⁵	2022	0	240,000	–	–	–	–
	2021	439,800	305,150	–	–	–	–
Total bonus	2022	0	760,000	–	–	–	–
	2021	1,241,700	807,500	–	–	–	–
Long-term incentives vesting ^{2, 3}	2022	542,619	271,308	–	–	–	–
	2021	1,108,587	365,748	–	–	–	–
Total for year ¹¹	2022	652,742	1,143,616	97,365	75,000	120,577	61,782
	2021	2,460,188	1,285,501	85,000	5,000	150,000	60,000
Total fixed remuneration	2022	110,123	112,308	97,365	75,000	120,577	61,782
	2021	109,901	112,253	85,000	5,000	150,000	60,000
Total variable remuneration	2022	542,619	1,031,308	–	–	–	–
	2021	2,350,287	1,173,248	–	–	–	–

1. Benefits for both Executive Directors include membership of the Company medical scheme.

2. Long-term incentives vesting relates to share awards with performance conditions where the performance period has ended in the relevant financial year plus the value of any dividend equivalents.

3. The figure of £542,619 shown as the value of Mark Coombs' 2022 Long-term incentives vesting reflects £21,979 of share price appreciation over the period between grant and vest.

The figure of £363,616 shown as the value of Tom Shippey's 2022 Long-term incentives vesting reflects £10,990 of share price appreciation over the period between grant and vest.

The figure of £1,108,587 shown as the value of Mark Coombs' 2021 Long-term incentives vesting reflects £304,251 of share price appreciation over the period between grant and vest.

The figure of £365,748 shown as the value of Tom Shippey's 2021 Long-term incentives vesting includes £97,637 of share price appreciation over the period between grant and vest.

4. Mark Coombs and Tom Shippey may voluntarily defer up to 50% of their cash bonus in favour of an equivalent amount of bonus share or phantom bonus share awards and an equivalent value in matching share or phantom matching share awards. All share or phantom share awards will be reported in the Directors' share and phantom share award tables in the year of grant. Both Mark Coombs and Tom Shippey chose to commute 50% of their cash bonus in 2021 for an equivalent value in bonus share awards. Bonus shares are deferred for five years with no service condition attached.

5. From the year ending 30 June 2015 onward, additional performance conditions are applied to 50% of any restricted or matching share award. The amounts shown in the row labelled mandatorily deferred share bonus represent the 50% of restricted and matching share awards that do not have additional performance conditions attached, and also include the amounts detailed in note 6 below relating to compliance with the Alternative Investment Fund Managers Directive (AIFMD). These amounts represent the cash value of shares awarded at grant, which will vest after five years subject to continued employment, and in the case of shares related to AIFMD, after a retention period.

6. In order to comply with the AIFMD Mark Coombs and Tom Shippey received a proportion of their bonus, which would have otherwise been delivered in cash, as an additional award of restricted shares which will vest after a retention period. In 2022, the value of this award for Mark Coombs was £0 (FY2020/21: £13,500), and for Tom Shippey was £7,200 (FY2020/21: £7,650).

7. In respect of prior year deferred share awards which have been waived to charity, any dividend equivalents associated with the amounts waived are paid directly to the nominated charities. The figures shown exclude the amounts waived.

8. Dividends or dividend equivalents were paid relating to voluntarily and mandatorily deferred share or phantom share awards in the period.

9. Mark Coombs receives cash in lieu of a pension contribution. Tom Shippey's pension contribution includes an employee contribution via salary sacrifice; in 2022 this was £500 (2021: £500).

10. Total short-term benefits for key management personnel, including salary and fees, taxable benefits and cash bonuses, as reported in note 28 of the financial statements is £791,455 in FY2021/22. In addition, the total cost of equity-settled awards for the Executive Directors charged to the statement of comprehensive income, as reported in note 28 of the financial statements, is £223,684 in FY2021/22.

11. The Committee exercised its discretion to determine the CEO and GFD's variable remuneration based on various factors. The discretion has not been exercised as a result of share price appreciation or depreciation for annual incentives and LTIPs.

12. David Bennett stepped down from the Board on 20 April 2022; no payments for loss of office were made.

Directors' outstanding share awards

Figure 6

Outstanding share awards

The table below sets out details of Executive Directors' outstanding share awards.

Executive	Type of Omnibus award	Date of award	Share award price	Number of shares at 30 June 2021	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2022	Performance period	Vesting/release date
Mark Coombs	RS ¹	16 September 2016	£3.3955	161,330	–	143,261	18,069	–	5 years	15 September 2021
	RBS ¹	16 September 2016	£3.3955	120,999	–	120,999	–	–	5 years	15 September 2021
	RMS ¹	16 September 2016	£3.3955	121,000	–	107,448	13,552	–	5 years	15 September 2021
	RS ¹	14 September 2017	£3.2353	449,542	–	–	–	449,542	5 years	13 September 2022
	RBS ¹	14 September 2017	£3.2353	337,156	–	–	–	337,156	5 years	13 September 2022
	RMS ¹	14 September 2017	£3.2353	337,156	–	–	–	337,156	5 years	13 September 2022
	RS ¹	14 September 2018	£3.3269	218,342	–	–	–	218,342	5 years	13 September 2023
	RBS ¹	14 September 2018	£3.3269	163,757	–	–	–	163,757	5 years	13 September 2023
	RMS ¹	14 September 2018	£3.3269	163,757	–	–	–	163,757	5 years	13 September 2023
	RS ¹	13 September 2019	£4.3833	248,580	–	–	–	248,580	5 years	12 September 2024
	RBS ¹	13 September 2019	£4.3833	186,435	–	–	–	186,435	5 years	12 September 2024
	RMS ¹	13 September 2019	£4.3833	186,435	–	–	–	186,435	5 years	12 September 2024
	RS ²	16 September 2021	£3.7512	–	3,599	3,599	–	–	6 months	16 March 2022
	RS ¹	16 September 2021	£3.7512	–	144,915	–	–	144,915	5 years	15 September 2026
	RBS ¹	16 September 2021	£3.7512	–	108,686	–	–	108,686	5 years	15 September 2026
	RMS ¹	16 September 2021	£3.7512	–	108,686	–	–	108,686	5 years	15 September 2026
Total				2,694,489	365,886	375,307	31,621	2,653,447		

1. In respect of the years ending 30 June 2016, 30 June 2017, 30 June 2018, 30 June 2019 and 30 June 2021 Mark Coombs chose to waive 10% of his potential non-AIF related variable remuneration award in return for the Remuneration Committee considering and approving a contribution to a charity or charities nominated by himself. The 'Number of shares at 30 June 2021', 'Granted during year' and 'Number of shares at 30 June 2022' figures are shown excluding the amounts waived. On the vesting/release date, any shares waived to charity will vest to them to the extent that any relevant performance conditions have been satisfied.
2. In order to comply with the AIFMD remuneration principles in regard to the delivery of remuneration in retained instruments, a proportion of Mark Coombs' cash bonuses relating to the year ending 30 June 2021 were delivered in the form of restricted shares, subject to a six-month retention period, rather than being delivered in cash. These shares vested in full on the date shown and were not subject to any additional performance conditions.

KEY

RS – Restricted shares

RBS – Restricted bonus shares

RMS – Restricted matching shares

DIRECTORS' OUTSTANDING SHARE AWARDS (CONTINUED)

Figure 6 continued

Outstanding share awards

Executive	Type of Omnibus award	Date of award	Share award price	Number of shares at 30 June 2021	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2022	Performance period	Vesting/release date
Tom Shippey	RS	16 September 2016	£3.3955	88,353	–	79,318	9,035	–	5 years	15 September 2021
	RBS	16 September 2016	£3.3955	66,265	–	66,265	–	–	5 years	15 September 2021
	RMS	16 September 2016	£3.3955	66,265	–	59,490	6,775	–	5 years	15 September 2021
	RS	14 September 2017	£3.2353	117,455	–	–	–	117,455	5 years	13 September 2022
	RBS	14 September 2017	£3.2353	88,091	–	–	–	88,091	5 years	13 September 2022
	RMS	14 September 2017	£3.2353	88,091	–	–	–	88,091	5 years	13 September 2022
	RS	14 September 2018	£3.3269	105,204	–	–	–	105,204	5 years	13 September 2023
	RBS	14 September 2018	£3.3269	22,544	–	–	–	22,544	5 years	13 September 2023
	RMS	14 September 2018	£3.3269	22,544	–	–	–	22,544	5 years	13 September 2023
	RS	13 September 2019	£4.3833	91,256	–	–	–	91,256	5 years	12 September 2024
	RBS	13 September 2019	£4.3833	68,442	–	–	–	68,442	5 years	12 September 2024
	RMS	13 September 2019	£4.3833	68,442	–	–	–	68,442	5 years	12 September 2024
	RS	18 September 2020	£3.6009	99,976	–	–	–	99,976	5 years	17 September 2025
	RBS	18 September 2020	£3.6009	74,982	–	–	–	74,982	5 years	17 September 2025
	RMS	18 September 2020	£3.6009	74,982	–	–	–	74,982	5 years	17 September 2025
	RS ¹	16 September 2021	£3.7512	–	2,040	2,040	–	–	6 months	16 March 2022
	RS	16 September 2021	£3.7512	–	90,638	–	–	90,638	5 years	15 September 2026
	RBS	16 September 2021	£3.7512	–	67,979	–	–	67,979	5 years	15 September 2026
	RMS	16 September 2021	£3.7512	–	67,979	–	–	67,979	5 years	15 September 2026
Total				1,142,892	228,636	207,113	15,810	1,148,605		

1. In order to comply with the AIFMD remuneration principles in regard to the delivery of remuneration in retained instruments, a proportion of Tom Shippey's cash bonuses relating to the year ending 30 June 2021 were delivered in the form of restricted shares, subject to a six-month retention period, rather than being delivered in cash. These shares vested in full on the date shown and were not subject to any additional performance conditions.

KEY

RS – Restricted shares

RBS – Restricted bonus shares

RMS – Restricted matching shares

The Company's obligations under its employee share plans can be met by newly issued shares in the Company, or shares purchased in the market by the trustees of the EBT. As detailed in the Business review, the EBT continues to make market purchases of shares to satisfy awards.

The overall limits on new issuance operated under the existing share plans were established on the listing of the Company in 2006. Under these agreed limits, the number of shares which may be issued in aggregate under employee share plans of the Company over any ten year period following the date of the Company's Admission in 2006 is limited to 15% of the Company's issued share capital. It is expected that all of the awards made to date will be satisfied by the acquisition of shares in the market, thus none of the Company's obligations under its employee share plans have been met by newly issued shares. As at 30 June 2022, 6.04% of the Company's issued share capital was outstanding under employee share plans to its staff.

Defined benefit pension entitlements

None of the Directors has any entitlements under Company defined benefit pension plans.

Directors' shareholding and share interests

Details of the Directors' interests in shares are shown in the table below. The Directors' Remuneration policy, approved by binding shareholder vote at the 16 October 2020 AGM, includes a formal requirement for Executive Directors to build an unrestricted, post vesting shareholding equivalent to 200% of salary, to be built up over the three-year period following the approval of the Remuneration policy by shareholders in 2017 or from the first five-year vesting date for newly appointed Executive Directors.

The closing price of Ashmore shares on 30 June 2020 was £4.172 which means that by 20 October 2020 both Mark Coombs and Tom Shippey were required to hold at least 47,939 unrestricted shares to meet the shareholding requirement.

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

Under the Directors' Remuneration policy, Executive Directors are usually required to maintain a shareholding of 200% of salary for two years post termination of their employment. The minimum number of shares to be held is based on the market price of Ashmore shares on the year end date of 30 June prior to their termination date. The Committee retains discretion to waive this guideline if it is not considered appropriate in the specific circumstances.

Figure 7

Share interests of Directors and connected persons at 30 June 2022 – audited information

	Beneficially owned	Outstanding restricted and matching share awards ¹	Outstanding voluntarily deferred bonus share awards ²	Total interest in shares ³
Executive Directors				
Mark Coombs	221,372,488	1,857,416	796,034	224,025,938
Tom Shippey	50,610	826,567	322,038	1,199,215
Non-executive Directors				
Clive Adamson	2,265	–	–	2,265
Helen Beck	–	–	–	–
Jennifer Bingham	–	–	–	–

1. Half of the restricted shares and matching shares awarded in 2017, 2018, 2019, 2020 and 2021 are subject to performance conditions.

2. Voluntarily deferred bonus shares are not subject to performance conditions.

3. Save as described above, there have been no changes in the shareholdings of the Directors between 30 June and 1 September 2022. The Directors are permitted to hold their shares as collateral for loans with the express permission of the Board. Shirley Garrood does not hold any shares.

Statement on implementation of the Remuneration policy in the year commencing 1 July 2022

The Remuneration Committee intends to continue to apply broadly the same metrics and weightings to annual VC in the year ending 30 June 2023 as have been applied in the current period. The Committee also intends to apply the same three performance conditions to any long-term incentives awards made with the same weightings as used in FY2021/22, these being in relation to investment outperformance, growth in assets under management and profitability. The Committee does not intend to increase basic salaries for the Executive Directors other than as noted in the Chair's letter, and there has been no change to the VC opportunity, pension or benefits for the year commencing 1 July 2022. There has also been no change to the fees for the Board Chairman and Non-executive Directors for FY2022/23 other than fees due to Shirley Garrood as a newly appointed non-executive Director. The UK based FCA regulated business will be required to operate in compliance with the MIFIDPRU remuneration regime for FY2022/23.

Remuneration governance

Membership of the Remuneration Committee

The members of the Remuneration Committee during the period are listed in the table below. All of these are independent Non-executive Directors, as defined under the Code, with the exception of the Company Chair who was independent on his appointment.

Remuneration Committee attendance

	Percentage of meetings attended out of potential maximum
Clive Adamson	100%
Helen Beck	100%
David Bennett (until 20 April 2022)	100%
Jennifer Bingham	100%

The Company's CEO attends the meetings by invitation and assists the Remuneration Committee in its decision making, except when his personal remuneration is discussed. No Directors are involved in deciding their own remuneration. The Company Secretary acts as Secretary to the Remuneration Committee. Other executives may be invited to attend as the Remuneration Committee requests.

Terms of reference

The terms of reference for the Remuneration Committee include:

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

Activities of the Remuneration Committee

During FY2021/22, the Remuneration Committee comprised the following Non-executive Directors and was fully compliant with the Code:

- Clive Adamson
- Helen Beck
- David Bennett until he retired as Chair of the Board on 20 April 2022
- Jennifer Bingham

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

Remuneration governance featured as a significant part of the Committee's activities through the period, in preparation for compliance with the FCA's IFPR and the associated MIFIDPRU remuneration regulations that come into effect for Ashmore for the performance year commencing 1 July 2022.

The application of a MIFIDPRU compliant remuneration policy alongside the existing AIFMD remuneration policy will introduce additional elements, including enhanced malus and clawback requirements during FY2022/23.

The Committee reviewed the share plan rules in regard to the treatment of shares which vest on termination of employment for Executive Directors, and with immediate effect have amended the plan rules to ensure new awards vest not sooner than their original vesting date, and will not be accelerated to vest at the termination date. The Committee has also amended the share plan rules to ensure that in a scenario where the application of malus and clawback is potentially to be considered, but a final determination has not yet been made, delivery of vested shares or the proceeds from the sale of vested shares can be delayed until such time as a final conclusion has been reached.

Regulatory considerations for FY2021/22

For remuneration relating to FY2021/22, the Remuneration Committee has again ensured that pay will be delivered to Executive Directors and other employees categorised by the FCA as Identified Staff, consistent with the requirements of the Alternative Investment Fund Managers Directive. This has meant that Executive Directors and other relevant employees will receive a proportion of their cash bonus delivered as a further award of restricted shares which are retained and restricted from sale for a six-month period, rather than as cash. Further details of this can be found in the Annual Report on Remuneration on page 110. Throughout the period regular regulatory updates were provided to the Committee.

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

Consideration of malus and clawback for FY2021/22

A malus and clawback principle applies to variable remuneration awarded to senior staff including Executive Directors, enabling the Remuneration Committee to recoup variable remuneration under certain circumstances. Malus and clawback can be applied to both the cash and share-based elements of variable remuneration, via the reduction or cancellation of any outstanding unvested deferred share awards regardless of the year to which they relate, or via the repayment of amounts to the Company. The Remuneration Committee considered there were no events or circumstances that would have made it appropriate to recoup remuneration during FY2021/22.

External advisers

The Remuneration Committee received independent advice from Deloitte throughout the period from 1 July 2021 to 30 June 2022. Deloitte abides by the Remuneration Consultants' Code of Conduct, which requires it to provide objective and impartial advice. Deloitte's fees for the year ending 30 June 2022 were £47,600 and were charged on a time and materials basis. Deloitte also provides other tax, employee mobility and share plan administration related services to the Company.

Compliance with the Code

The Code requires a description of how the Remuneration Committee has addressed the following factors

Code requirements	How the Committee has addressed the requirement
Clarity – remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce	Remuneration arrangements for Executive Directors and the workforce are substantially the same, and are described in detail within the Directors' Remuneration policy. A significant proportion of variable pay is deferred for five years into Company shares creating a direct alignment with external shareholders.
Simplicity – remuneration structures should avoid complexity and their rationale and operation should be easy to understand	Remuneration is simple for Executive Directors and the workforce, comprising a capped basic salary and an annual bonus, delivered partly in cash and partly in Company shares which are deferred for five years. There is no separate and complex LTIP arrangement.
Risk – remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target based incentive plans, are identified and mitigated	The Remuneration Committee has discretion to vary the bonus pool, to vary individual annual award levels and to apply malus or clawback to existing awards. There is no formulaic or target based incentive plan to drive negative behaviours. The Remuneration Committee will determine the appropriate outcomes based solely on individual and Company performance.
Predictability – the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy	The bonus pool is capped at a Group level, currently at 25% of EBVCIT. Awards at an individual level are uncapped, but the Company does not apply its discretion to deliver excessive rewards, as can be seen in looking back at outcomes over previous performance years.
Proportionality – the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance	The Remuneration Committee strictly applies its discretion to reward performance, and to recognise periods of underperformance, as has been demonstrated on more than one occasion where senior management and risk takers have had very material reductions in annual variable remuneration and the CEO has not been awarded an annual bonus, reflecting business performance at the time.
Alignment to culture – incentive schemes should drive behaviours consistent with company purpose, values and strategy	Ashmore's purpose is to deliver long-term investment outperformance for clients and generate value for shareholders through market cycles. The Committee has ensured the remuneration policies of the Company support this, building employee retention through cycles and delivering significant equity alignment between employee shareholders and external shareholders.

REMUNERATION GOVERNANCE (CONTINUED)

Figure 8

Five-year history of percentage changes in the remuneration of the Executive Directors and the fees of Non-executive Directors relative to the remuneration of a relevant comparator employee group

	2021 to 2022 % change	2020 to 2021 % change	2019 to 2020 % change	2018 to 2019 % change	2017 to 2018 % change
Mark Coombs base salary	0%	0%	0%	0%	0%
Tom Shippey base salary	0%	0%	0%	0%	0%
Clive Adamson fees ^{1, 2}	15%	0%	4%	22%	13%
Helen Beck fees ^{1, 3}	1,400%	0%	–	–	–
David Bennett fees ^{1, 4}	(20%)	0%	15%	63%	7%
Jennifer Bingham fees ¹	3%	0%	0%	–	–
Relevant comparator employees' base salary	2%	1%	1%	3%	0%
Mark Coombs taxable benefits ⁷	25%	(87%)	(6%)	(8%)	(1%)
Tom Shippey taxable benefits ⁷	25%	0%	(6%)	(4%)	8%
David Bennett taxable benefits ⁵	0%	(100%)	(39%)	103%	46%
Relevant comparator employees' taxable benefits ⁷	25%	0%	0%	(5%)	(9%)
Mark Coombs annual bonus ⁶	(100%)	N/A	(100%)	50%	(50%)
Tom Shippey annual bonus	(6%)	(6%)	(10%)	14%	(8%)
Relevant comparator employees' annual bonus	(16%)	4%	(12%)	10%	5%

1. Non-executive Directors do not receive a bonus.

2. Clive Adamson joined the Board on 22/10/15 and chaired the Remuneration Committee from 31/12/17 until 19/10/18; he became the Senior Independent Director and Audit and Risk Committee chair on 19/10/18, and became the Chair on 21/04/22.

3. Helen Beck joined the Board on 01/06/21.

4. David Bennett joined the Board on 30/10/14 and chaired the Audit and Risk Committee from 22/10/15 until 19/10/18; he acted as Senior Independent Director from 31/12/17 until 19/10/18 and was appointed as Chair on 19/10/18. He stepped down from the Board on 20/04/22.

5. David Bennett's taxable benefits relate to transportation costs and the associated income tax and national insurance costs in relation to his role.

6. Mark Coombs did not receive a bonus in 2020 or 2022.

7. The increase in taxable benefits is a result of the cost increase of private medical coverage.

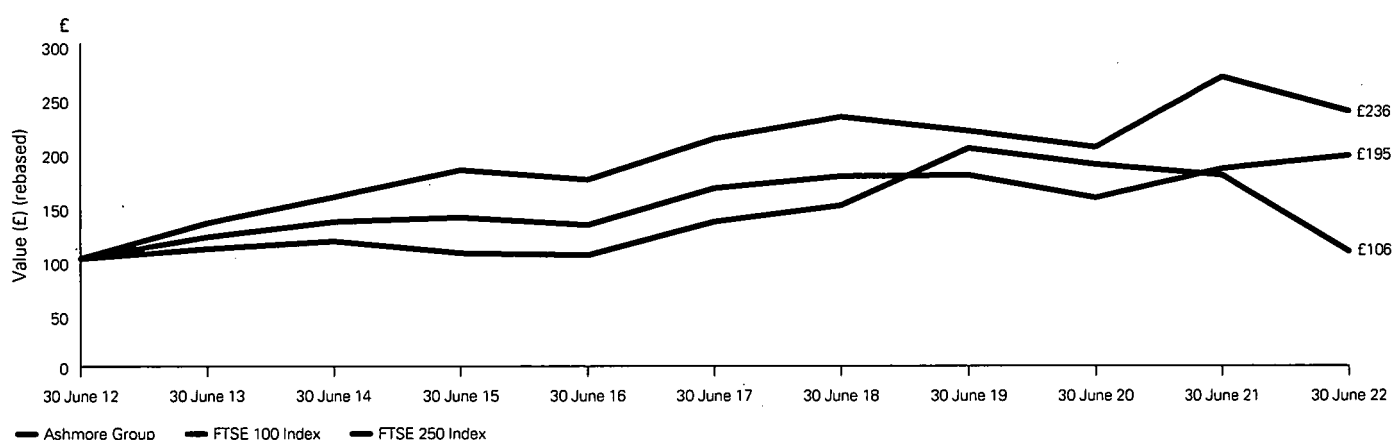
Figure 8 compares the percentage change from 2017 to 2022 in remuneration elements for the CEO, the GFD and the Non-executive Directors with the average year-on-year change across relevant comparator employees as a whole. Relevant comparator employees are all full-time employees and part-time employees on a full-time equivalent basis of Ashmore Group, who have been employed throughout the full performance year. Figures do not include amounts of cash waived to charity.

Performance chart

Figure 9 shows the Company's TSR performance (with dividends reinvested) against the performance of the FTSE 250 and FTSE 100 for the period since 30 June 2012. These indices have been chosen as they represent companies of a broadly similar market capitalisation to Ashmore. Each point at a financial year end is calculated using an average total shareholder return value over the month of June (i.e. 1 June to 30 June inclusive). As the chart indicates, £100 invested in Ashmore on 30 June 2012 was worth £106 10 years later, compared with £195 for the same investment in the FTSE 100 Index, and £236 for the same investment in the FTSE 250 Index.

Figure 9

Total shareholder return – value of hypothetical £100 holding



This graph shows the value, by 30 June 2022, of £100 invested in Ashmore Group on 30 June 2012, compared with the value of £100 invested in the FTSE 100 and FTSE 250 indices on the same date. Source: Factset

Figure 10

Chief Executive Officer

Figure 10 shows the total remuneration figure for the CEO during each of the financial years shown in the TSR chart. The total remuneration figure includes the annual bonus and share awards, which vested based on performance in those years. As there is no cap on the maximum individual bonus award, a percentage of maximum annual bonus is not shown.

Year ended 30 June	Salary	Benefits	Pension	Annual bonus	Performance-related restricted and matching phantom shares vested ¹	Percentage of restricted and matching phantom shares vested	Total
2022	£100,000	£1,123	£9,000	–	£542,619	79.55%	£652,742
2021	£100,000	£901	£9,000	£1,241,700	£1,108,587	57.00%	£2,460,188
2020	£100,000	£7,203	£9,000	–	–	–	£116,203
2019	£100,000	£7,627	£9,000	£2,491,200	£997,173	30.23%	£3,605,000
2018	£100,000	£8,293	£9,000	£1,261,277	–	–	£1,378,570
2017	£100,000	£8,404	£9,000	£3,071,748	£95,574	–	£3,284,726
2016	£100,000	£8,400	£9,000	£1,083,458	£284,932	–	£1,485,790
2015	£100,000	£8,388	£8,000	£2,415,000	£462,159	–	£2,993,547
2014	£100,000	£8,934	£7,000	–	£452,386	–	£568,320
2013	£100,000	£9,330	£7,000	£2,430,000	£421,668	–	£2,967,998

1. Performance-related restricted and matching or phantom share equivalent awards vested during the years ending 30 June 2019 and 30 June 2021 plus the value of any dividend equivalents. The sums shown in earlier years relate to dividends or dividend equivalents paid on share or phantom share awards.

REMUNERATION GOVERNANCE (CONTINUED)

Figure 11**Relative importance of spend on pay**

Metric	2022	2021	2021 to 2022 % change
Remuneration paid to or receivable by all employees of the Group (i.e. accounting cost)	£73.4	£80.3m	(9%)
Average headcount	309	301	3%
Distributions to shareholders (dividends and/or share buybacks)	£118.5m	£118.3m	0%

Figure 12**Statement of shareholder voting**

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

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

At the 2021 AGM, the Directors' Remuneration report received the following votes from shareholders:

Remuneration report	2021 AGM resolution to approve the Directors' Remuneration report for the year ended 30 June 2021	% of votes cast
Votes cast in favour	464,123,556	80.27%
Votes cast against	114,108,503	19.73%
Total votes cast	578,232,059	100.00%
Abstentions	37,258,133	N/A

For additional information, Figure 13 shows the history of financial results for the last five years.

Figure 13**Five-year summary of financial results**

	2022	2021	2020	2019	2018
AuM US\$ billion (at period end)	64.0	94.4	83.6	91.8	73.9
Operating profit £ million	119.2	258.3	209.7	202.8	176.5

Directors' remuneration policy

This section of the Remuneration report has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. It sets out the Remuneration policy for the Company. The policy has been developed taking into account the principles of the Code and shareholders' executive remuneration guidelines. The current policy was approved by a binding shareholder vote in October 2020, and is expected to apply for three years.

Policy overview

The Remuneration Committee determines, and agrees with the Board, the Company's policy on the remuneration of the Board Chair, Executive Directors and senior managers including employees designated as Code or Identified Staff under the FCA's Remuneration Codes. The Remuneration Committee's terms of reference are available on the Company's website.

In determining the Remuneration policy, the Remuneration Committee takes into account the following:

- the need to encourage and promote the long-term success of the Company;
- the need to attract, retain and motivate talented Executive Directors and senior management;
consistency with the remuneration principles applied to Ashmore employees as a whole;
- external comparisons to examine current market trends and practices and equivalent roles in similar companies taking into account their size, business complexity, international scope and relative performance; and
- the requirements of the Remuneration Codes of the UK financial services regulator.

How the views of shareholders are taken into account

The Remuneration Committee regularly compares the Company's Remuneration policy with shareholder guidelines, and takes account of the results of shareholder votes on remuneration.

If material changes to the Remuneration policy are contemplated, the Remuneration Committee Chair consults with major shareholders about these in advance.

Details of votes cast to approve the Directors' Remuneration policy and last year's Annual Report on Remuneration are provided in the Annual Report on Remuneration section of this report.

Ashmore seeks to build direct relationships with shareholders and potential investors through a comprehensive investor relations plan with a focus on managing roadshows and other interactions in-house. The Executive Directors meet regularly with investors and the rest of the Board is responsive to shareholder requests for engagement.

The Company held more than 140 virtual and physical meetings during the year. Consequently, the largely institutional shareholder base continues to have a good understanding of the Group's strategy and business model. Ashmore continues to respond to feedback by enhancing disclosures relating to remuneration.

At last year's AGM, over 80% of shareholders voted in favour of the Remuneration report. This reflects progress in the Company's efforts after the 2020 AGM to engage with shareholders and proxy advisor teams and the Committee keep this under review.

Figure 14

Remuneration policy (the Policy) for Executive Directors

Policy table

The table below summarises the key aspects of the Company's Remuneration policy for Executive Directors which is effective from 16 October 2020.

Base salary (Fixed pay)

Purpose and link to short and long-term strategy

Provides a level of fixed remuneration sufficient to permit a zero bonus payment, should that be appropriate. The cap on base salary helps to contain fixed costs.

Operation, performance measures and periods, deferral and clawback

Base salaries are capped.

Maximum opportunity

The current cap is £120,000.

The cap is reviewed periodically; the Policy permits the cap to be changed if this is deemed necessary to meet business, legislative or regulatory requirements.

Fringe benefits (Fixed pay)

Purpose and link to short and long-term strategy

Provide cost-effective benefits, to support health and wellbeing.

Operation, performance measures and periods, deferral and clawback

The Company currently provides benefits such as medical insurance and life insurance. In the event of relocation of an executive, the Company could consider appropriate relocation assistance. Specific benefits provision may be subject to minor change from time to time, within the Policy.

Maximum opportunity

Fringe benefits are not subject to a specific cap, but represent only a small percentage of total remuneration.

Pension (Fixed pay)

Purpose and link to short and long-term strategy

Provides a basic level of Company contribution, which individuals can supplement with their own contribution.

Operation, performance measures and periods, deferral and clawback

Company contributions are made, normally on a defined contribution basis, either to a pension plan or in the form of an equivalent cash allowance.

Maximum opportunity

The current level of Company contribution is 9% of base salary, with a further matching contribution of up to 1% of base salary, should the Executive Director make a personal contribution of an equivalent amount. The contribution level for Executive Directors is aligned with the general workforce, and is reviewed periodically; the Policy permits the Company-wide contribution rate to be amended if necessary to reflect trends in market practice and changes to pensions legislation.

Variable compensation (Discretionary)

Purpose and link to short and long-term strategy

Rewards performance and ensures interests of Executive Directors are closely aligned with other shareholders.

Operation, performance measures and periods, deferral and clawback

Executive Directors are considered each year for a discretionary variable pay award depending on personal and Company performance, by applying a range of performance indicators such as growth in AuM, investment performance, profits, and strategic and operational achievements. The variable pay award comprises a cash bonus (part of which may be voluntarily deferred into restricted shares) and a long-term incentive in the form of both a restricted share award and a restricted matching share award on any voluntarily deferred cash bonus.

1. Cash bonus (60% of total award)

The Executive Director may voluntarily commute up to half of the cash bonus in return for the same value in a restricted bonus share award (or phantom equivalent) deferred for five years. The deferred shares are eligible for restricted matching shares (or phantom equivalent) vesting after five years subject to conditions (see 3 below).

Long-term incentives under the Company Executive Omnibus Incentive Plan (Omnibus Plan)

2. Restricted shares award (40% of total award)

There is no separate long-term incentive plan, rather 40% of the Executive Director's annual bonus is compulsorily deferred into Company shares (or phantom equivalent) for a period of five years and does not qualify for matching. Half of this deferred portion is subject to additional performance conditions on vesting. The Policy permits the Remuneration Committee to set suitable performance conditions each year for each award type. The performance condition for the most recent award is set out on page 109.

These performance conditions are chosen to closely align the remuneration outcomes for the Executive Directors with the performance of the business relative to its KPIs. Targets are set that are appropriately challenging relative to relevant internal and external benchmarks. The maximum level of vesting for achieving threshold performance is 25%. Where required by regulation, the amount of variable pay which is deferred will be increased to ensure compliance with regulatory deferral levels for all variable pay.

3. Restricted matching shares awarded on the voluntarily commuted cash bonus (from 1 above)

Matching is provided on the voluntarily commuted cash bonus, subject to the same performance conditions on half of the matching award as that described in 2 above. The maximum match used to date on any award made under the current Policy was one-for-one; the Policy permits the matching level to be changed for future awards but not to exceed three-for-one.

Dividends or dividend equivalents on deferred restricted bonus share (or phantom equivalent) awards and on the portion of restricted share and restricted matching share awards that are not subject to a performance condition vesting after five years will be paid out in line with the Company's dividend payment schedule. Dividends or dividend equivalents on the portion of restricted and restricted matching share (or phantom equivalent) awards which are subject to a performance condition will be accrued and paid out at the time the award vests and to the extent of vesting. For any awards made to an Executive Director prior to his or her appointment as a Executive Director, the dividend or dividend equivalent payments are made on share awards in full, under previous commitments made to participants.

The Remuneration policy permits the award of deferred remuneration in alternative forms such as share options, although none have been granted in recent years, and to vary the percentage split of award between cash and share awards to meet business, legislative or regulatory requirements. Awards will be delivered in the appropriate combination of cash and shares, in line with prevailing regulatory requirements. The combination of cash and instruments will be determined each year by the Remuneration Committee.

The Remuneration Committee also retains discretion, if required by regulation, to include a minimum retention period for incentive awards in addition to or as partial replacement for a deferral period (usually with a combined deferral / retention period of at least five years).

Maximum opportunity

The aggregate variable compensation pool for all employees, including Executive Directors, is capped, currently at 25% of EBVCIT. The Policy permits the Remuneration Committee to vary this cap if necessary to meet business needs.

The Policy is to cap the aggregate sum available for variable compensation rather than to cap individual variable compensation awards.

The high proportion of VC deferral, with vesting after five years and subject in part to ongoing performance conditions, encourages a prudent approach to risk management, in support of the Company's risk and compliance controls. Most importantly, though, the remuneration structure is designed to support and fit with the long-term strategy of the business. The Group operates in a growth sector which experiences market cycles and this aspect of the Remuneration policy plays a key role in providing flexibility in variable costs, enabling key staff retention during times of market stress, and thereby aligns the interests of clients, shareholders and employees including Executive Directors through such cycles.

Malus and clawback

In addition to the performance condition described above, the Remuneration Committee has the discretion to apply malus and clawback provisions to all elements of variable remuneration, including to unvested equity awards made in prior periods. The Remuneration Committee may choose to exercise this discretion for a number of reasons, for example:

- a material misstatement of the Company's or any other Group company's financial results;
- an error in assessing a performance condition applicable to an award or in the information or assumptions on which the award was granted or vests;
- a material failure of risk management by the Company, any other Group company or a relevant business unit;
- serious reputational damage to the Company, any other Group company or a relevant business unit;
- misconduct on the part of the participant; or
- any other circumstances which the Remuneration Committee in its discretion considers to be similar in their nature or effect.

The Remuneration Committee may, in its discretion, determine at any time prior to the sixth anniversary of the date of grant or such longer period as the Remuneration Committee determines is required by any applicable law or regulation to:

- reduce or extinguish the number of shares to which an award relates;
- cancel an award;
- impose further conditions on an award;
- impose further restrictions on the shares subject to an award;
- require a participant to make a cash payment to the Company in respect of some or all of the shares or cash delivered under the award and the basis on which the amount of cash or shares is calculated including whether and if so to what extent to take account of any tax or social security liability applicable to the award; and/or
- require a participant to transfer for nil consideration some or all of the shares delivered under the award.

Personal shareholding

Existing Executive Directors are usually required to build up and then maintain a shareholding equivalent to 200% of salary over the three-year period from October 2017, and from the first five-year vesting date for newly appointed Executive Directors. The minimum number of shares to be held by existing Executive Directors is based on the closing price of Ashmore Group plc shares on 30 June 2020, which was £4.172.

Post-employment shareholding

Executive Directors are usually required to maintain a shareholding of 200% of salary for two years post termination of their employment. The minimum number of shares to be held is based on the market price of Ashmore shares on the year end date of 30 June prior to their termination date. The Committee retains discretion to waive this guideline if it is not considered appropriate in the specific circumstances.

Differences in Remuneration policy for Executive Directors compared with other employees

The Remuneration policy for the Executive Directors is generally consistent with that for employees across the Company as a whole. However, there are some differences which the Remuneration Committee believes are necessary to reflect the different responsibilities of employees across the Company. Below Executive Director level, while the same five-year deferral policy applies, share awards are not subject to additional performance conditions. Group employees other than Executive Directors may elect to receive up to the first £50,000 (or local currency equivalent) of their annual bonus delivered as 90% cash and 10% as restricted shares, rather than in the Company's usual proportions of 60% cash and 40% restricted shares.

External Non-executive Director positions

Executive Directors are permitted to serve as Non-executive Directors of other companies where there is no competition with the Company's business activities and where these duties do not interfere with the individual's ability to perform his or her duties for the Company. Tom Shippey holds one unpaid external appointment with a charitable organisation unconnected to the asset management industry. Mark Coombs is Co-Chair of EMTA, the trade association for Emerging Markets, having been on the Board since 1993. Other than as noted above, the Executive Directors do not presently hold any external directorships with any non-Ashmore-related companies.

Where an outside appointment is accepted in furtherance of the Company's business, any fees received are remitted to the Company.

If the appointment is not connected to the Company's business, the Executive Director is entitled to retain any fees received.

Approach to remuneration for new Executive Director appointments

The remuneration package for an externally recruited new Executive Director would be set in accordance with the terms and maximum levels of the Company's approved Remuneration policy in force at the time of appointment.

In addition, the Remuneration Committee may offer additional cash and/or share-based elements to take account of any remuneration relinquished when leaving the former employer, when it considers these to be in the best interests of the Company (and therefore shareholders). In considering any such payments, the Committee would take account of the nature, vesting dates and any performance requirements attached to the relinquished remuneration. The Committee may determine to make any such recruitment related awards outside the variable pay pool cap. For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to be paid out according to its terms, adjusted if necessary, to take into account the appointment.

For external and internal appointments, the Company may meet certain relocation expenses as appropriate including but not limited to assistance with housing, immigration, taxes and travel.

Service contracts and loss of office payment policy

Service contracts normally continue until the Executive Director's agreed retirement date or such other date as the parties agree.

The service contracts contain provisions for early termination.

Notice periods are limited to 12 months by either party. Service agreements contain no contractual entitlement to receive variable pay; participation in these arrangements is at the Remuneration Committee's discretion. The Executive Directors' service contracts are available for inspection at the Company's registered office during normal business hours.

If the employment of an Executive Director is terminated without giving the period of notice required under the contract, the Executive Director would be entitled to claim recompense for up to one year's remuneration subject to consideration of the obligation to mitigate the loss. Such recompense is expected to be limited to base salary due for any unexpired notice period, and any amount assessed by the Remuneration Committee as representing the value of other contractual benefits and pension which would have been received during the period. In the event of a change of control of the Company, there is no enhancement to these terms.

In summary, the contractual provisions are as follows:

Provision	Detailed terms
Notice period	12 months
Termination payment in the event of termination by the Company without due notice	Base salary plus value of benefits (including pension) paid monthly and subject to mitigation
Change of control	Same terms as above on termination

Any outstanding share-based entitlements granted to an Executive Director under the Company's share plans will be determined based on the relevant plan rules.

An Executive Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

The Committee reserves the right to make any other payments in connection with a Director's cessation of office or employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of a Director's office or employment. Any such payments may include but are not limited to paying any fees for outplacement assistance and/or the Director's legal and/or professional advice fees in connection with cessation of office or employment and/or retirement gifts.

Incentive plan discretions

The Remuneration Committee will operate the current share plans in accordance with their respective rules and the Policy set out above, and in accordance with the Listing Rules and relevant legislation or regulation. As is consistent with market practice, the Remuneration Committee retains discretion over a number of areas relating to operating and administering these plans. These include (but are not limited to) the following:

- who participates in the plans;
- the timing of the grant of an award and/or payment;
- the size of an award and/or a payment within the plan limits approved by shareholders;
- the choice of (and adjustment of) performance measures and targets in accordance with the Policy set out above and the rules of each plan (including the treatment of delisted companies for the purpose of the TSR comparator group);
- discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- determination of a good leaver (in addition to any specified categories) for incentive plan purposes, based on the rules of each plan and the appropriate treatment under the plan rules;
- adjustments required in order to comply with any new regulatory requirements which the Company is compelled to adhere to; and
- adjustments required in certain circumstances (e.g. rights issues, corporate restructuring, special dividends and on a change of control).

Any use of the above discretions would, where relevant, be explained in the Annual Report on Remuneration. As appropriate, it might also be the subject of consultation with the Company's major shareholders.

The Committee may make minor amendments to this Policy (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Legacy arrangements

For the avoidance of doubt, this Policy includes authority for the Company to honour any commitments entered into with current or former Directors that have been disclosed to shareholders in previous Remuneration reports. Details of any payments to former Directors will be set out in the Annual Report on Remuneration as they arise.

Non-executive Directors

Non-executive Directors are engaged under letters of appointment and do not have contracts of service. They are appointed for an initial three-year period, subject to annual shareholder re-election. Their continued engagement is subject to the requirements of the Company's Articles relating to the retirement of Directors by rotation. The letters of appointment are available for inspection at the Company's registered office during normal business hours.

Compliance with the Remuneration Codes

The Remuneration Committee regularly reviews its Remuneration Policy's compliance with the principles of the FCA's Remuneration Codes, as applicable to Ashmore.

The Remuneration policy is designed to be consistent with the prudent management of risk, and the sustained, long-term performance of the Company.

Reward scenarios

The Remuneration policy results in the majority of the remuneration received by the Executive Directors being dependent on performance, and being deferred for five years into restricted shares.

As noted earlier, the Policy is not to cap individual awards, but rather the aggregate pool. As such, it is not possible to demonstrate maximum remuneration levels. In lieu of this, the minimum (fixed) remuneration is illustrated in Figure 15, which provides an indication of the potential range of total remuneration using the highest and lowest variable pay awards in a rolling five-year period. The variable pay awards are shown assuming full vesting five years later of the long-term incentive components based on achievement relative to the performance conditions, both at the grant price and also with 50% share price growth.

Figure 15

Executive Director total remuneration at different levels of performance (£'000)

Figure 16

Fees policy for the Board Chairman and other Non-executive Directors

Element	Purpose and link to strategy	Operation	Maximum
– Board Chair fee	– To pay an all-inclusive basic fee that takes account of the role and responsibilities	– The Board Chair is paid a single fee for all his responsibilities. The level of the fee is reviewed periodically by the Committee, with reference to market levels in comparably sized FTSE companies, and a recommendation is then made to the Board (without the Chair being present) – The Board Chair may also be paid expenses in relation to the performance of his role	– The overall fees payable to Non-executive Directors will remain within the limit stated in the Articles of Association, currently £750,000 – The current level of fees is disclosed in the Annual Report on Remuneration
– Non-executive Director fees	– To pay an all-inclusive basic fee that takes account of the role and responsibilities	– The Non-executive Directors are paid a single inclusive basic fee. There are no supplements for Committee Chairs or memberships; the fee levels are reviewed periodically by the Chair and Executive Directors – The Non-executive Directors may also be paid expenses in relation to the performance of their roles	– The overall fees payable to Non-executive Directors will remain within the limit stated in the Articles of Association, currently £750,000 – The current level of fees is disclosed in the Annual Report on Remuneration

Consistent Company-wide approach

The Company applies a consistent remuneration philosophy for employees at all levels.

The cap on base salary means that Executive Directors' base salaries are set at a similar level to other senior investment and professional employees in the Company, and the base salary range from lowest to highest in the Company is considerably narrower than the market norm. All employees are eligible for a performance-related annual bonus, and the principle of bonus deferral into Company shares or equivalent applies to annual bonuses for all employees who have at least one full year's service. Group employees other than Executive Directors may elect to receive up to the first £50,000 (or local currency equivalent) of their annual bonus delivered as 90% cash and 10% as restricted shares, rather than in the Company's usual proportions of 60% cash and 40% restricted shares. Rates of pension contribution and fringe benefit provisions are consistent between executives and other employees within each country where the Company operates.

The Company does not operate formal employee consultation on remuneration. However, employees are able to provide direct feedback on the Company's Remuneration policy to their line managers, the Human Resources team, the designated Non-executive Director for workforce engagement or to the Board directly through our regular process of teams meeting the Board.

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

The Remuneration Committee monitors the effectiveness of the Company's Remuneration policy in recruiting, retaining, developing, engaging and motivating employees, and receives reports from the CEO and the Group Head of Human Resources on how the Company's remuneration policies are viewed by employees and whether they are meeting business needs.

The Remuneration Committee does not seek to apply fixed ratios between the total remuneration levels of different roles in the Company, as this would prevent it from recruiting and retaining the necessary talent in a highly competitive employment market. However, the base salary multiple between the highest and lowest paid UK-based employees in the Company is less than 4x.

Approval

This Directors' Remuneration report including both the proposed Directors' Remuneration policy and the Annual Report on Remuneration has been approved by the Board of Directors.

Signed on behalf of the Board of Directors.

Helen Beck

Chair of the Remuneration Committee

1 September 2022

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

Company law requires the Directors to prepare Group and parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK adopted international accounting standards and applicable law and have elected to prepare the parent Company financial statements on the same basis.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Act. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Remuneration report and Corporate governance statement that complies with such law and regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with DTR4.1.14R, the financial statements will form part of an annual report and accounts prepared using the single electronic reporting format under ESEF. The auditor's report on these financial statements provides no assurance over the ESEF format.

Responsibility statement of the Directors in respect of the Annual Report and Accounts

The Directors confirm that to the best of their knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Strategic report and Directors' report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Directors consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Clive Adamson
Chair

1 September 2022

The Directors present their Annual Report and Accounts for the year ended 30 June 2022.

The financial statements have been prepared in accordance with UK adopted international accounting standards.

Principal activity and business review

The principal activity of the Group is the provision of investment management services. The Company is required to set out in this report a fair review of the business of the Group during the financial year ended 30 June 2022 and of the position of the Group at the end of that financial year and a description of the principal risks and uncertainties facing the Group (referred to as the Business review). The information that fulfils the requirements of the Business review, along with an indication of the likely future developments in the business, can be found in the financial highlights on the inside front cover, the Chief Executive Officer's review on page 2, the Business review on pages 30 to 37 and the Corporate governance report on pages 82 to 89.

The Group's approach to financial risk management and the principal operating risks facing the business, including price risk, credit risk, liquidity risk and cash flow risk are detailed on pages 38 to 45.

Results and dividends

The results of the Group for the year are set out in the CSCI on page 142.

The Directors are recommending a final dividend of 12.10 pence per share (FY2020/21: 12.10 pence) which, together with the interim dividend of 4.80 pence per share (FY2020/21: 4.80 pence) already declared, makes a total for the year ended 30 June 2022 of 16.90 pence per share (FY2020/21: 16.90 pence). Further details relating to dividends are set out in note 14 to the financial statements.

Subject to approval at the AGM, the final dividend will be paid on 9 December 2022 to shareholders on the register on 4 November 2022 (the ex-dividend date being 3 November 2022).

Related party transactions

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

Directors

The members of the Board together with their biographical details are shown on pages 80 to 81. Shirley Garrood was appointed as a Director on 1 August 2022. All other members of the Board served as Directors throughout the year.

Details of the service contracts of the current Directors are described on page 133.

Under the Articles, the minimum number of Directors is two and the maximum is nine. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board must offer himself/herself for election at the next AGM following their appointment. That Director is not taken into account in determining the Directors or the number of Directors who are to

retire by rotation at that meeting. Notwithstanding these provisions, the Board has adopted provision 18 of the Code and all Directors will retire and seek re-election at each AGM. The Listing Rules require that the election/re-election of independent directors is by a majority of votes cast by independent shareholders as well as by a majority of votes cast by all shareholders.

The Board confirms that the Company and Mark Coombs entered into a relationship agreement on 1 July 2014 as required under UK Listing Rule 9.2.2ADR(1); and that: (i) the Company has complied with the independence provisions included in that agreement; (ii) so far as the Company is aware, Mark Coombs has complied with the independence provisions included in that agreement; and (iii) so far as the Company is aware, Mark Coombs has complied with the procurement obligation included in that agreement pursuant to UK Listing Rule 9.2.2BR(2)(a), in each case during the financial year ended 30 June 2022.

Diversity

The Nominations Committee and the Board recognise the importance of diversity and ensuring candidates for Board appointments, whilst being assembled on merit and objective criteria, wherever possible reflect different genders, ethnic and social backgrounds. In addition, the Nominations Committee, in assessing the suitability of a prospective Director, will consider whether the candidate is 'over-boarded' and has sufficient time available to discharge their duties, and the overall balance of skills, experience and knowledge on the Board.

It is Ashmore's policy to attract and retain a diverse workforce. Whilst there are no quotas set in respect of gender, age, educational or professional background, Ashmore is committed to providing equal opportunities and seeks to ensure that its workforce reflects, as far as is practicable, the diversity of the many communities in which it operates. Details of the gender balance across the Group and in relation to senior management and their direct reports are provided on pages 52 and 70. It is the Group's policy to give appropriate consideration to applications from persons with disabilities, having regard to their particular aptitudes and abilities. For the purposes of training, career development and progression (including those who become disabled during the course of their employment), all are treated on equal terms with other employees.

Engagement with employees and wider stakeholders

The Board, at a series of 'meet the teams' sessions chaired by Jennifer Bingham as the Non-executive Director for workforce engagement, listened to employees' views on the Group and these interactive sessions help shape the Group's culture, in addition to other forms of employee engagement such as regular employee newsletters and off-site team building exercises across the Group's offices. Ashmore's engagement with other stakeholders and the outcomes are detailed in the Section 172 statement on page 46.

Insurance and indemnification of Directors

The Company maintains Directors' and officers' liability insurance for all Directors. To the extent permissible by law, the Articles of Association also permit the Company to indemnify Directors and former Directors against any liability incurred whilst serving in such capacity.

Directors' conflicts of interest

The Act imposes upon Directors a statutory duty to avoid unauthorised conflicts of interest with the Company. The Company's Articles of Association enable Directors to approve conflicts of interest and also include other conflict of interest provisions. The Company has implemented processes to identify potential and actual conflicts of interest. Such conflicts are then considered for approval by the Board, subject, where necessary, to appropriate conditions.

Save as disclosed on page 80, Executive Directors do not presently hold any external appointments with any non-Ashmore-related companies.

Directors' share interests

The interests of Directors in the Company's shares are shown on page 113 within the Remuneration report.

Significant agreements with provisions applicable to a change in control of the Company

Save as described, there are no agreements in place applicable to a change in control of the Company.

Resolution 17 in the Notice of AGM will seek approval from shareholders to a waiver of the provisions of Rule 9 of the Takeover Code in respect of the obligation that could arise for Mark Coombs to make a mandatory offer for the Company in the event that the Company exercises the authority to make market purchases of its own shares. Further details will be contained in the separate Notice of AGM.

Substantial shareholdings

The Company has been notified of the following significant interests in accordance with the DTRs (other than those of the Directors which are disclosed separately on page 113) in the Company's ordinary shares of 0.01 pence each as set out in the table below.

Substantial shareholdings¹ (as disclosed to the Company in accordance with DTR 5)

	Number of voting rights disclosed as at 30 June 2022	Percentage interests ³	Number of voting rights disclosed as at 1 September 2022	Percentage interests ³
Overseas Pensions and Benefits Limited ²	50,648,181	7.10	50,648,181	7.10
Standard Life Aberdeen plc	54,815,884	7.69	54,815,884	7.69
Schroders plc	34,470,970	4.85	34,470,970	4.85
Allianz Global Investors GmbH	32,695,220	4.58	32,695,220	4.58
Black Rock Inc.	39,793,689	5.57	39,793,689	5.57

1. The shareholding of Mark Coombs, a Director and substantial shareholder, is disclosed separately on page 111.
2. In addition to the interests in the Company's ordinary shares referred to above, each Executive Director and employee of the Group has an interest in the Company's ordinary shares held by Overseas Pensions and Benefits Limited under the terms of the EBT. The voting rights disclosed for the EBT in this table reflect the last notification made to the Company in accordance with DTR 5. The actual number of shares held by the EBT as at 30 June 2022 is disclosed in note 23 to the financial statements.
3. Percentage interests are based upon 712,740,804 shares in issue (2021: 712,740,804).

Relations with shareholders

The Company places great importance on communication with its investors and aims to keep shareholders informed by means of regular communication with institutional shareholders, analysts and the financial press throughout the year.

Annual and interim reports and quarterly AuM updates are widely distributed to other parties who may have an interest in the Group's performance. These documents are also made available on the Company's website where formal regulatory information service announcements are posted. The CEO and GFD report to the Board on investor relations and on specific discussions with major shareholders.

The Company will be issuing a separate circular and Notice of Meeting in respect of this year's AGM. The Group will announce the number of votes cast on resolutions at the AGM via a regulatory information service.

The Senior Independent Director is available to shareholders if they have concerns where contact through the normal channels of Chair, CEO or GFD has failed to resolve it or for which such contact is inappropriate. The Company continues to offer major shareholders the opportunity to meet any or all of the Chair, the Senior Independent Director and any new Directors.

Share capital

The Company has a single class of share capital, ordinary shares of 0.01 pence, each of which rank *pari passu* in respect of participation and voting rights. The shares are in registered form. The issued share capital of the Company at 30 June 2022 was 712,740,804 shares. There were no shares held in Treasury.

Details of the structure of and changes in share capital are set out in note 22 to the financial statements.

Restrictions on voting rights

A member shall not be entitled to vote at any general meeting or class meeting in respect of any share held by him if any call or other sum then payable by him in respect of that share remains unpaid or if a member has been served with a restriction notice (as defined in the Articles of Association) after failure to provide the Company with information concerning interests in those shares required to be provided under the Act. Votes may be exercised in person or by proxy. The Articles of Association currently provide a deadline for submission of proxy forms of 48 hours before the meeting.

Purchase of own shares

In the year under review, the Company did not purchase any of its own shares for Treasury and the EBT purchased 10,827,365 shares worth £34.1 million. Until the date of the next AGM, the Company is generally and unconditionally authorised to buy back up to 35,637,040 of its own issued shares. The Company is seeking a renewal of the share buyback authority at the 2022 AGM.

Power to issue and allot shares

The Directors are generally and unconditionally authorised to allot unissued shares in the Company up to a maximum nominal amount of £23,758.03 (and £47,516.05 in connection with an offer by way of a rights issue).

A further authority has been granted to the Directors to allot the Company's shares for cash, up to a maximum nominal amount of £23,758.03, without regard to the pre-emption provisions of the Act. No such shares have been issued or allotted under these authorities, nor is there any current intention to do so, other than to satisfy outstanding obligations under the employee share schemes where necessary.

These authorities are valid until the date of the 2022 AGM when a resolution for such renewal will be proposed.

Employees

Details of the Company's employment practices (including the employment of persons with disabilities) can be found in the Sustainability report on page 68.

Overseas Pensions and Benefits Limited as trustee of the EBT has discretion as to the exercise of voting rights over shares which it holds in respect of unallocated shares, namely those shares in which no employee beneficial interests exist.

Corporate governance

The Company is governed according to the applicable provisions of company law and by the Company's Articles. As a listed company, the Company must also comply with the Listing Rules and the DTRs. Listed companies are expected to comply as far as possible with the Code, and to state how its principles have been applied. There is a report from the Chair on Corporate governance on pages 82 to 84 and a description of how the Company has complied with each of the principles of the Code on pages 85 to 86. The Company complied throughout the accounting period under review with all the relevant Provisions set out in the Code other than Provision M where Clive Adamson has retained the role of Chair of the Audit and Risk Committee on an interim basis whilst also being Chair of the Company.

Mandatory GHG reporting and SECR requirements

In line with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, all companies listed on the main market of the London Stock Exchange have been required to report their GHG emissions within their annual report. In addition, as of 1 April 2019, the Group is required to meet the mandatory SECR requirements.

Operational control methodology

The Group has followed the operational control method of reporting. The emissions reported below are for the 11 offices around the world where the Group exercised direct operational control in FY2021/22. The office emissions reported, as well as emissions originating from their operations, are those which are considered material to the Group. The Group has a policy of carbon offsetting and further details are provided on page 73.

Emission scopes

In accordance with mandatory GHG reporting, Scope 1 and Scope 2 are required to be reported¹. In line with the GHG Protocol's reporting requirements, Scope 2 emissions have been reported both in terms of 'market-based' emissions and 'location-based' emissions².

It is not mandatory to report Scope 3. However, the Group continues to report on key Scope 3 emission categories (air travel, water, waste) in order to provide a more complete picture to stakeholders.

Exclusions and estimation

Overall, approximately 14% of the Group's total emissions generated were based on estimation (89.2 tCO₂e). Best endeavours have been undertaken at each office to provide the required data, however, in some cases data was not available for reporting.

Estimation methodologies adopted are summarised in the following approaches:

- In cases where data was only provided for a subset of the full reporting period, data was extrapolated based on the most appropriate method. For instance, several offices provided data for Q1-Q3, but were unable to provide the Q4 totals because of the inherent delay in receiving this data from relevant third parties, in which case, monthly averaged data was used as a proxy for the absent Q4 disclosure.
- Where no data was available for the current reporting period, the previous period's data have been used to estimate FY2021/22 consumption, adjusted to reflect changes in FTE.
- For offices located within shared and leased buildings, many were only able to provide an estimated consumption rate based on the apportionment of the building total as sub-metered data was not available. Each office's share of the total was based on the percentage occupied within the building. No sub-metered data was available for each tenant in these cases.
- Where cost-only data was available for consumption, an average price per unit estimate was applied to the total cost to calculate the consumption rate.

- For some offices, waste data could only be provided in terms of volume disposed. The waste volume was converted to weight using UK Government waste-type specific weight conversion factors. In this case, the disposal containers have been assumed to be full at the point of collection.
- For offices unable to provide any waste data, it was decided that estimation was inappropriate due to the significant differences in disposal rates by building, office size and per employee, and therefore no waste data was included.

Methodology

Data collection and analysis has strictly followed the GHG Protocol Corporate Accounting and Reporting Standard². The WRI and the WBCSD developed the standard to promote standardised global carbon accounting methodologies and as such, the GHG Protocol Standard is one of the recommended methodologies under SECR guidelines. The UK Government's 2021 emission factors³, generated by DEFRA, have been used to quantify all emissions, with the exception of overseas electricity, which has been quantified using the International Energy Agency's 2021 emissions factors⁴.

The Group's data inputs and outputs have been reviewed, processed and generated by Carbon Responsible Limited.

Consumption and emissions

The Group emitted a total of 653.9 tonnes of CO₂e across its global offices for all scopes (including Scope 3 which is not mandatory to report). Scope 3 accounted for 58% of the total emissions, Scope 2 for 34% and Scope 1 accounted for 8%.

Overall, the Group's GHG emissions increased by 188% compared with FY2020/21 and decreased by 5% compared with the baseline year of FY2019/20. The year-on-year emissions performance also shows a marked increase of 21% for Scope 1, mostly driven by the inclusion of additional sources of fuel data, mainly diesel and petrol consumption in owned vehicles and inclusion of refrigerants. A marked increase was also seen in Scope 2 emissions by 64% using the location-based approach and by 43% when using the market-based approach, primarily driven by increased electricity usage by the Group's offices. These increases are mainly due to a return to office-based working following working from home due to COVID-19. The significant rise in Scope 3 emissions (1200%) is mostly driven by business travel which was artificially low during FY2020/21, also due to COVID-19.

1. Ashmore's Scope 1 emissions relate to gas combustion, mobile fuel combustion and refrigerant usage.
Ashmore's Scope 2 emissions relate to purchased electricity.
Ashmore's Scope 3 emissions relate to water usage, air travel, office waste, hotel stay and third party fuel combustion.

2. [www.https://ghgprotocol.org/corporate-standard](https://ghgprotocol.org/corporate-standard)

3. All UK related emissions factors have been selected from the emissions conversion factors published annually by the UK Government: <http://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021>

4. All international electricity emissions factors were taken from the International Energy Agency's statistics report "CO₂ Emissions from Fuel Combustion" (2020 Edition). Purchased under licence.

Following an increase in equity ownership in the Indian operations to a wholly owned subsidiary during the year, it has been added to the Group carbon emission data in FY2021/22. The inclusion of the office in India in 2021/22 accounts for a 15% increase in emissions generated compared with last year and a 5% increase compared with the baseline year (FY2019/20).

The emission profile was generated by various sources, across the three scopes. As a proportion of the total emissions, the biggest source of emissions was generated by business air travel (55%), followed by electricity (market-based) generation (34%), and natural gas (6%). All other emission sources contributed 2% or less of the total emissions each.

The Group's FY2021/22 consumption of GHG emitting sources

Scope	Emissions by source	2019/20	2020/21	2021/22
Scope 1	Natural gas (kWh)	191,095	234,876	212,833
	Other fuels (kWh)	–	–	29,849
	Owned vehicles (km)	–	–	6,670
	Refrigerants (kg)	–	–	1
Scope 2	Electricity (kWh)	510,108	376,564	509,618
Scope 3	Air travel (km)	2,499,532	127,270	2,434,869
	Hotel stay (room nights)	–	–	241
	Third Party vehicles (km)	–	–	498
	Water (m ³)	3,588	1,198	1,454
	Waste (kg)	26,554	26,931	33,913

Year-on-year change in emissions for the Group from FY2019/20 to FY2021/22

Scope	2019/20	2020/21	2021/22	% Change 2019/20 - 2021/22	% Change 2020/21 - 2021/22
1	35.1	43.0	51.9	48%	21%
2 Location-based	200.1	138.4	227.3	14%	64%
2 Market-based	233.4	154.7	221.1	-5%	43%
3	421.3	29.3	380.4	-10%	1198%
Total	689.8	227.0	653.4	-5%	188%

Ashmore Group's emissions by market base

Emissions by office location	Tonnes CO ₂ e 2019/20	Tonnes CO ₂ e 2020/21	Tonnes CO ₂ e 2021/22
UK & offshore	286.5	96.3	246.1
Global	403.3	130.8	408
Total	689.8	227.1	654.1

Intensity metrics

An intensity metric per FTE has been calculated for the Group's emissions as required by SECR.

In comparison to FY2020/21, the emissions per FTE have increased due to the lessening impacts of COVID-19, however, when compared to the FY2019/20 baseline, emissions per FTE have decreased.

Emissions per full-time employee¹

Scope	Tonnes CO ₂ e/FTE 2019/20	Tonnes CO ₂ e/FTE 2020/21	Tonnes CO ₂ e/FTE 2021/22
1 & 2	0.9	0.7	0.9
1, 2 & 3	2.4	0.8	2.2

1. FTE 2019/20 = 291.5 employees; FTE 2020/21 = 290 employees; FTE 2021/22 = 294 employees. Emissions by Market-based employee.

Charitable and political contributions

During the year, the Group made charitable donations of £0.6 million (FY2020/21: £1.0 million). The work of The Ashmore Foundation is described in the Sustainability section of this report on pages 68 to 79. It is the Group's policy not to make contributions for political purposes.

Creditor payment policy

The Group's policy and practice in the UK are to follow its suppliers' terms of payment and to make payment in accordance with those terms subject to receipt of satisfactory invoicing. Unless otherwise agreed, payments to creditors are made within 30 days of receipt of an invoice. At 30 June 2022, the amount owed to the Group's trade creditors in the UK represented approximately 17 days' average purchases from suppliers (FY2020/21: 13 days).

Auditors and the disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware, and each Director has taken all the steps that they ought to have taken as Directors to make himself or herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Resolutions will be proposed at the AGM to reappoint KPMG LLP as auditor and to authorise the Audit and Risk Committee to agree their remuneration. Note 11 to the financial statements sets out details of the auditor's remuneration.

References in this Directors' report to the financial highlights, the Business review, the Corporate governance report and the Remuneration report are deemed to be included by reference in this Directors' report.

The summary below provides details of the Directors' service agreements/letters of appointment:

Directors' service contracts	Date appointed Director	Contract commencement date	Notice period	Expiry/review date
Executive Directors				
Mark Coombs	3 December 1998	21 September 2006	1 year	Rolling
Tom Shippey	25 November 2013	25 November 2013	1 year	Rolling
Non-executive Directors				
Clive Adamson	22 October 2015	22 October 2015	1 month	22 October 2024
Jennifer Bingham	29 June 2018	29 June 2018	1 month	29 June 2024
Helen Beck	1 June 2021	1 June 2021	1 month	1 June 2024
Shirley Garrood	1 August 2022	1 August 2022	1 month	1 August 2025

Approved by the Board and signed on its behalf by:

Alexandra Autrey

Group Company Secretary

1 September 2022

2022 Annual General Meeting

Details of the AGM will be given in the separate circular and Notice of Meeting.

Going concern

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

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position, are set out on pages 30 to 36.

After making enquiries, the Directors are satisfied that the Company and the Group have adequate resources to continue to operate for the next 12 months from the date of this report and confirm that the Company and the Group are going concerns. For this reason they continue to adopt the going concern basis in preparing these financial statements.

Companies Act 2006

This Directors' report on pages 128 to 133 inclusive has been drawn up and presented in accordance with and in reliance on English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

Our opinion is unmodified

We have audited the financial statements of Ashmore Group plc (the Company) for the year ended 30 June 2022 which comprise the Consolidated statement of comprehensive income, Consolidated balance sheet, Consolidated statement of changes in equity, Consolidated cash flow statement, Company balance sheet, Company statement of changes in equity, Company cash flow statement, and the related notes, including the accounting policies in notes 1 to 4.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 June 2022 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent Company financial statements have been properly prepared in accordance with UK-adopted international accounting standards, and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

We were first appointed as auditor of the Company (then Ashmore Group Limited) by the Directors following its incorporation on 30 November 1998. Subsequent to the Company's conversion into a public limited company and the public listing of its shares on the London Stock Exchange on 3 October 2006, we were reappointed as auditor of Ashmore Group plc by the Directors on 31 October 2007. The period of total uninterrupted engagement is 23 years ended 30 June 2022 (15 years since the Company's public listing). We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities.

No non-audit services prohibited by that standard were provided.

Overview

Materiality:	£9.1m (2021: £13.6m)
Group financial statements as a whole	5.5% of Group profit before tax adjusted for investments gains and losses (2021: 5% of Group profit before tax)
Coverage	89% (2021: 97%) of Group profit before tax

Key audit matters**vs 2021**

Recurring risks	Recoverability of parent Company's loan to subsidiaries	◀ ▶
New	Management fees	◀ ▶

Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and our findings from those procedures in order that the Company's members as a body may better understand the process by which we arrived at our audit opinion. These matters were addressed, and our findings are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

	The risk	Our response
Revenue recognition: Management fees £247.0 million; (2021: £276.4 million) Refer to page 156 (accounting policy).	Data capture and calculation error Management fees is the most significant item in the Consolidated Statement of Comprehensive Income and represents an area that had the greatest effect on the overall group audit. Management fees comprise segregated and pooled management fees. The two key components to management fee calculations are fee rates to be applied and the amount of assets under management (AUM). The following are identified as the key risks for management fee income: – Risk in relation to fee rates: There is a risk that fee rates have not been entered appropriately into the fee calculation and billing systems when new clients are onboarded or agreements are amended. – Risk in relation to AUM: There is a risk that AUM data from the third-party service providers and other in-house systems is not complete and/or accurate. – Risk in relation to calculation of management fee income: There is a risk that management fee income is incorrectly calculated.	Our procedures included: Procedures in relation to fee rates – Control design and operation: We tested the design and operating effectiveness of controls over new and amended fee agreements. – Tests of details: We agreed a selection of fee rates used in the system calculation to the original investment management agreements (IMAs), fee letters or fund prospectuses outlining the latest effective fee rates. Procedures in relation to AUM – Control design and operation: For segregated management fees, we tested the design and operating effectiveness of controls over the production of AUM valuations used in calculating management fees. – For pooled funds management fees, we inspected the internal controls reports prepared by the outsourced service organisations (in particular Northern Trust) to check whether the key controls over the production of AUM valuations used in calculated management fees were designed and operating effectively. General procedures – Test of details: We independently recalculated 100% of in-scope component pooled management fees and a sample of segregated management fees. We agreed the recalculated fees to the general ledger records. This represented 82% of total revenue for the Group. – Assessing transparency: We considered the adequacy of the disclosures made in respect of management fees against the relevant accounting standards. Our findings – We found no errors in the Group's calculation of its Management fee income (2021: no errors).

Year ended 30 June 2022

	The risk	Our response
Recoverability of parent Company's loan to subsidiaries £376.9 million; (2021: £507.7 million) Refer to page 155 (accounting policy) and page 170 (financial disclosures).	Low risk, high value The carrying amount of the parent Company's loans due from subsidiaries represents 57% (2021: 76%) of the Company's total assets and is comprised of a loan to one subsidiary. The recoverability of the loan is not at high risk of significant misstatement or subject to significant judgement. However, due to its materiality in the context of the parent Company financial statements, this is considered to be the area that had the greatest effect on our overall parent Company audit.	Our procedures included: Test of details – We assessed the parent Company's loan with reference to the subsidiary's balance sheet, to identify whether the subsidiary had a positive net asset value, and therefore coverage of the debt owed, as well as assessing whether the subsidiary had historically been profit-making.
		Assessing subsidiary audits: – We considered the results of the work we performed on the subsidiary audit on those net assets, including assessing the ability of the subsidiary to obtain liquid funds and, therefore, the ability of the subsidiary to fund the repayment of the receivable. – We performed the tests above rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described. Our findings – We found the Company's conclusion that there is no impairment of the loan due from its subsidiary to be acceptable (2021: acceptable).

We also performed procedures over the valuation of level 3 investments. However, following a continued reduction in the overall size of the balance, along with a reduction in those assets valued using higher risk market multiples or discounted cash flows, we have not assessed this as one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £9.1 million (2021: £13.6 million), which is determined with reference to a benchmark of Group profit before tax adjusted for investment gains and losses, of which it represents 5.5%. The adjustments are made up of the following line items from the consolidated statement of comprehensive income: gains/(losses) on investment securities, change in third-party interests in consolidated funds and finance income/(expense). We have amended our benchmark as the removal of investment valuation volatility provides a more stable measure year on year.

Materiality for the parent Company financial statements as a whole was set at £6.6 million (2021: £6.6 million), determined with reference to a benchmark of Company total assets, of which it represents 1% (2021: 1%).

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

Performance materiality was set at 75% (2021: 75%) of materiality for the financial statements as a whole, which equates to £6.8 million (2021: £10.2 million) for the Group and £4.9 million (2021: £4.9 million) for the parent Company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Group Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.46 million (2021: £0.68 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 28 (2021: 28) reporting components, we subjected four (2021: four) to full scope audits for Group reporting purposes and four (2021: one) to specified risk-focused audit procedures. The latter were not individually financially significant enough to require a full scope audit for Group purposes, but did present specific individual risks that needed to be addressed.

The components within the scope of our work accounted for the percentages illustrated opposite. For the residual components, we performed analysis at an aggregated Group level to re-examine our assessment that there were no significant risks of material misstatement within the components.

All of the work, including the audit of the parent Company, was performed by the Group team. The Group team performed procedures on the items excluded from Group profit before tax. The Group team approved component materialities, which ranged from £8.0 million to £1.0 million (2021: £8.0 million to £2.0 million), having regard to the mix of size and risk profile of the components across the Group.

The scope of the audit work performed was predominately substantive as we placed limited reliance upon the Group's internal control over financial reporting other than as set out in our key audit matter.

Group profit before tax

£118.4m (2021: £282.5m)

Group materiality

£9.1m (2021: £13.6m)

£9.1m

Whole financial statements materiality (2021: £13.6m)

£6.8m

Whole financial statements performance materiality (2021: £10.2m)

£8.0m

Range of materiality at 8 components (£8.0m to £1.0m) (2021: £8.0m to £2.0m)

£0.46m

Misstatements reported to the audit committee (2021: £0.68m)

Group net revenue

82%
(2021: 97%)

Group profit before tax

89%
(2021: 97%)

Group total assets

96%
(2021: 98%)

Group net assets

97%
(2021: 100%)

Full scope for group audit purposes 2022
Specified risk-focused audit procedures 2022
Full scope for group audit purposes 2021
Specified risk-focused audit procedures 2021
Residual components

The impact of climate change on our audit

In planning our audit we have considered the potential impacts of climate change on the Group's business and its financial statements. Climate change impacts the Group in a number of ways: through its own operations (including potential reputational risk associated with the Group's delivery of its climate related initiatives), through its portfolio of investments and its stewardship role, and the greater emphasis on climate related narrative and disclosure in the annual report.

As a part of our audit, we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this. We have performed a risk assessment of how the impact of climate change may affect the financial statements and our audit.

On the basis of the risk assessment procedures performed above and taking into account the nature of the assets on the Group's balance sheet, we concluded that there was no significant impact from climate change. We have also read the disclosure of climate related information in the front half as set out on pages 54 to 78 of the annual report and considered consistency with the financial statements and our audit knowledge.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or the Group or to cease their operations, and as such they have concluded that the Company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements (the going concern period).

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

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

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Company's ability to continue as a going concern for the going concern period;

- we have nothing material to add or draw attention to in relation to the Directors' statement in note 2 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for the going concern period and we found the going concern disclosure in note 2 to be acceptable; and
- the related statement under the Listing Rules set out on page 43 is materially consistent with the financial statements and our audit knowledge.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

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

We did not identify any additional fraud risks.

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

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the Directors and other management (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the Directors and other management the policies and procedures regarding compliance with laws and regulations.

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

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

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

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation, and financial services legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Company's authority to operate. We identified the following areas as those most likely to have such an effect: specific areas of regulatory capital and liquidity, conduct including Client Assets, anti-money laundering, anti-bribery and market abuse regulations, and certain aspects of company legislation and financial services legislation recognising the financial and regulated nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

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

We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Directors' Remuneration report

In our opinion the part of the Directors' Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

Year ended 30 June 2022

Disclosures of principal and emerging risks and longer-term viability

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

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

- the Directors' confirmation within the longer-term viability statement on page 43 that they have carried out a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity;
- the principal and emerging risks disclosures describing these risks and how emerging risks are identified, and explaining how they are being managed and mitigated; and
- the Directors' explanation in the longer-term viability statement of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We are also required to review the longer-term viability statement, set out on page 43 under the Listing Rules. Based on the above procedures, we have concluded that the above disclosures are materially consistent with the financial statements and our audit knowledge.

Our work is limited to assessing these matters in the context of only the knowledge acquired during our financial statements audit. As we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of anything to report on these statements is not a guarantee as to the Group's and Company's longer-term viability.

Corporate governance disclosures

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

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

- the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- the section of the Annual Report describing the work of the Audit and Risk Committee, including the significant issues that the Audit and Risk Committee considered in relation to the financial statements, and how these issues were addressed; and
- the section of the Annual Report that describes the review of the effectiveness of the Group's risk management and internal control systems.

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

We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements and the part of the Directors' Remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 127, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The Company is required to include these financial statements in an annual financial report prepared using the single electronic reporting format specified in the TD ESEF Regulation. This auditor's report provides no assurance over whether the annual financial report has been prepared in accordance with the ESEF format.

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Company. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report, and the further matters we are required to state to them in accordance with the terms agreed with the Company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Jatin Patel (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London E14 5GL

1 September 2022

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

The notes on pages 149 to 190 form an integral part of these financial statements.

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

The notes on pages 149 to 190 form an integral part of these financial statements.

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					Total £m	Non- controlling interests £m	Total equity £m
	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Cash flow hedging reserve £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

The notes on pages 149 to 190 form an integral part of these financial statements.

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

The notes on pages 149 to 190 form an integral part of these financial statements.

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 notes on pages 149 to 190 form an integral part of these financial statements.

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

The notes on pages 149 to 190 form an integral part of these financial statements.

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 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

The notes on pages 149 to 190 form an integral part of these financial statements.

1) General information

Ashmore Group plc (the Company) is a public limited company listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. The consolidated financial statements of the Company and its subsidiaries (together the Group) for the year ended 30 June 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 on page 128.

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.

4) Significant accounting policies continued

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.

4) Significant accounting policies continued

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.

4) Significant accounting policies continued

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 reclassified 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.

4) Significant accounting policies continued

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 on page 30 (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/(expense)

	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 on pages 95 to 126.

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.

10) Share-based payments continued**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

10) Share-based payments continued**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 Avonida Investments (Real Estate) 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	
	30 June 2022 £m	30 June 2021 £m	30 June 2022 £m	30 June 2021 £m
Maturity analysis – contractual undiscounted cash flows				
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:

	30 June 2022 £m	30 June 2021 £m	30 June 2022 £m	30 June 2021 £m
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:

	30 June 2022 £m	30 June 2021 £m	30 June 2022 £m	30 June 2021 £m
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		
	Other temporary differences £m	Share-based payments £m	Total £m	Other temporary differences £m	Share-based payments £m	Total £m
Group						
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		
	Other temporary differences £m	Share-based payments £m	Total £m	Other temporary differences £m	Share-based payments £m	Total £m
Company						
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.

19) Fair value of financial instruments continued

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 value¹	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.

20) Seed capital investments continued**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 on pages 38 to 45.

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.

21) Financial instrument risk management continued**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	
	Impact on profit before tax £m	Impact on equity £m	Impact on profit before tax £m	Impact on equity £m
Foreign currency sensitivity test				
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).

21) Financial instrument risk management continued

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.

	2022 US\$m	2021 US\$m
Notional amount of option collars maturing:		
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 Investments (Real Estate) 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

26) Investment in associates continued

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 on pages 95 to 126.

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).

28) Related party transactions continued**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	
	2022 £m	2021 £m
Summarised balance sheet		
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
Ashmore Investments (UK) Limited	Subsidiary	100.00	United Kingdom
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 Investments (Real Estate) 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
Ashmore Investment Advisors (US) Corporation	Subsidiary	100.00	New York, 10017 USA
Avenida Partners LLC	Subsidiary	100.00	200 Park Avenue South
Avenida CREF I Manager Cayman LLC	Subsidiary	100.00	New York, 10003
Avenida CREF I Manager LLC	Subsidiary	100.00	USA
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
Avenida CREF II Manager SRL	Subsidiary	99.00	Montevideo
Avenida CREF Partners SRL	Subsidiary	99.00	Uruguay
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, 18 th 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,
Ashmore-CAF-AM Management Company SAS	Subsidiary	53.66	Office 701 & 702
Ashmore Holdings Colombia S.A.S.	Subsidiary	100.00	Bogotá, Colombia
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 A, 28001 Madrid, Spain
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
Ashmore Saudi Equity Fund	Consolidated fund	96.05	Olaya Main Street, Riyadh, Saudi Arabia
Ashmore AISA (Cayman) Limited	Subsidiary	100.00	Ugland House, Grand Cayman,
Ashmore Emerging Markets Holdings LLC	Subsidiary	100.00	KY1-1104, Cayman Islands
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
Ashmore Investments (Holdings) Limited	Subsidiary	100.00	Mauritius

33) Subsidiaries and related undertakings continued

Name	Classification	% voting interest	Registered address and place of incorporation
Ashmore Management Company Limited	Subsidiary	100.00	Trafalgar Court
Ashmore Global Special Situations Fund 3 (GP) Limited	Subsidiary	100.00	Les Banques
Ashmore Global Special Situations Fund 4 (GP) Limited	Subsidiary	100.00	St Peter Port
Ashmore Global Special Situations Fund 5 (GP) Limited	Subsidiary	100.00	GY1 3QL
Ashmore Growing Multi Strategy Fund Limited	Consolidated fund	100.00	Guernsey
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
Ashmore SICAV Emerging Markets Sovereign Debt ESG Fund	Consolidated fund	100.00	L-3364 Leudelange
Ashmore SICAV Emerging Markets Corporate Debt ESG Fund	Consolidated fund	100.00	Grand-Duchy of Luxembourg
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
Ashmore Emerging Markets Investment Grade Income Fund	Consolidated fund	100.00	Chicago, Illinois 60603
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.

FIVE-YEAR SUMMARY

	2022 £m	2021 £m	2020 £m	2019 £m	2018 £m
Management fees	247.0	276.4	330.0	307.6	259.7
Performance fees	4.5	11.9	3.9	2.8	21.9
Other revenue	2.9	4.6	4.1	5.9	4.1
Total revenue	254.4	292.9	338.0	316.3	285.7
Distribution costs	(3.5)	(5.5)	(14.5)	(13.3)	(9.2)
Foreign exchange	11.6	4.3	7.0	11.3	(0.2)
Net revenue	262.5	291.7	330.5	314.3	276.3
Gains/(losses) on investment securities	(61.3)	123.5	(19.1)	0.5	3.0
Change in third-party interests in consolidated funds	16.5	(52.6)	7.5	3.8	(2.4)
Personnel expenses	(27.8)	(26.7)	(27.6)	(26.5)	(24.2)
Variable compensation	(45.6)	(53.6)	(55.0)	(57.7)	(48.6)
Other operating expenses	(25.1)	(24.0)	(26.6)	(31.6)	(27.6)
Total operating expenses	(98.5)	(104.3)	(109.2)	(115.8)	(100.4)
Operating profit	119.2	258.3	209.7	202.8	176.5
Finance income/(expense)	(2.1)	23.9	12.0	17.4	15.2
Share of profit/(loss) from associates and joint ventures	1.3	0.3	(0.2)	(0.3)	(0.4)
Profit before tax	118.4	282.5	221.5	219.9	191.3
Tax expense	(26.5)	(40.7)	(36.8)	(38.4)	(37.8)
Profit for the year	91.9	241.8	184.7	181.5	153.5
EPS (basic)	13.4p	36.4p	27.4p	26.6p	22.6p
Dividend per share	16.9p	16.9p	16.9p	16.7p	16.7p
Other operating data (unaudited)					
AuM at year end (US\$bn)	64.0	94.4	83.6	91.8	73.9
Average AuM (US\$bn)	83.6	90.0	89.6	80.5	69.2
Average GBP:USD exchange rate for the year	1.33	1.35	1.26	1.30	1.35
Period end GBP:USD exchange rate for the year	1.21	1.38	1.24	1.27	1.32

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

Ashmore Group plc

Registered in England and Wales.
Company No. 3675683

Registered office

61 Aldwych
London WC2B 4AE
Tel: +44 (0) 20 3077 6000
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Principal UK trading subsidiary

Ashmore Investment Management Limited
Registered in England and Wales, Company No. 3344281.
Business address and registered office as above.
Further information on Ashmore can be found
on the Company's website: www.ashmoregroup.com.

Financial calendar

First quarter AuM statement	14 October 2022
Annual General Meeting	14 October 2022
Ex-dividend date	3 November 2022
Record date	4 November 2022
Final dividend payment date	9 December 2022
Second quarter AuM statement	January 2023
Announcement of unaudited interim results for the six months ended 31 December 2022	February 2023
Third quarter AuM statement	April 2023
Fourth quarter AuM statement	July 2023
Announcement of results for the year ended 30 June 2023	September 2023

Registrar

Equiniti Registrars
Aspect House
Spencer Road
West Sussex
BN99 6DA

UK shareholder helpline: +44 (0) 371 384 2812. Lines are open 8.30am to 5.30pm, Monday to Friday.

International shareholder helpline: +44 121 415 7047.

Further information about the Registrar is available on its website www.equiniti.com.

Up-to-date information about current holdings on the register is also available at www.shareview.co.uk.

Shareholders will need their reference number (account number) and postcode to view information on their own holding.

Share price information

Share price information can be found at www.ashmoregroup.com or through your broker.

Share dealing

Shares may be sold through a stockbroker or share dealing service. There are a variety of services available. The Registrar offers an internet-based share dealing service known as Shareview Dealing.

You can log on at www.shareview.co.uk/dealing to access this service, or contact the helpline on +44 (0) 345 603 7037 to deal by telephone.

You may also use the Shareview service to access and manage your share investments and view balance movements, indicative share prices, information on recent dividends, portfolio valuation and general information for shareholders.

Shareholders must register at www.shareview.co.uk, entering the shareholder reference on the share certificate and other personal details.

Having selected a personal PIN, a user ID will be issued by the Registrar.

Electronic copies of the 2022 Annual Report and Accounts and other publications

Copies of the 2022 Annual Report and Accounts, the Notice of Annual General Meeting, other corporate publications, press releases and announcements are available on the Company's website at www.ashmoregroup.com.

Sharegift

Shareholders with only a small number of shares whose value makes them uneconomic to sell may wish to consider donating to charity through Sharegift, an independent charity share donation scheme.

For further information, please contact either the Registrar or see the Sharegift website at www.sharegift.org.

Frequent shareholder enquiries

Enquiries and notifications concerning dividends, share certificates or transfers and address changes should be sent to the Registrar; the Company's governance reports, corporate governance guidelines and the terms of reference of the Board committees can be found on the Company's website at www.ashmoregroup.com.

Notifying the Company of a change of address

You should notify Equiniti Registrars in writing.

If you hold shares in joint names, the notification to change address must be signed by the first-named shareholder. You may choose to do this online, by logging on to www.shareview.co.uk. You will need your shareholder reference number to access this service – this can be found on your share certificate or from a dividend counterfoil.

You will be asked to select your own PIN and a user ID will be posted to you.

Notifying the Company of a change of name

You should notify Equiniti Registrars in writing of your new name and previous name. You should attach a copy of your marriage certificate or your change of name deed, together with your share certificates and any un-cashed dividend cheques in your old name, so that the Registrar can reissue them.

Dividend payments directly into bank or building society accounts

We recommend that all dividend payments are made directly into a bank or building society account. Dividends are paid via BACS, providing tighter security and access to funds more quickly.

To apply for a dividend mandate form, contact the Registrar, or you can find one by logging on to www.shareview.co.uk (under Frequently Asked Questions) or by calling the helpline on +44 (0) 371 384 2812 (lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047.

Transferring Ashmore Group plc shares

Transferring some or all of your shares to someone else (for example your partner or a member of your family) requires completion of a share transfer form, which is available from Equiniti Registrars. The form should be fully completed and returned with your share certificate representing at least the number of shares being transferred. The Registrar will then process the transfer and issue a balance share certificate to you if applicable. The Registrar will be able to help you with any questions you may have.

Lost share certificate(s)

Shareholders who lose their share certificate(s) or have their certificate(s) stolen should inform Equiniti Registrars immediately by calling the shareholder helpline on +44 (0) 371 384 2812 (lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047.

Disability helpline

For shareholders with hearing difficulties, a special text phone number is available: +44 (0) 371 384 2255.

AGM	Annual General Meeting
APM	Non-GAAP financial Alternative Performance Measures
Ashmore	Ashmore Group plc
AuM	Assets under management
BCP	Business continuity planning
CEMBI	J.P. Morgan Corporate Emerging Markets Bond Index
CEMBI BD	J.P. Morgan CEMBI Broad Diversified Core Index
CEO	Chief Executive Officer
CO₂e	Carbon Dioxide equivalent
Code	2018 UK Corporate Governance Code
Companies Act	UK Companies Act 2006
Company	Ashmore Group plc
CPI	Consumer Price Index
CSCI	Consolidated statement of comprehensive income
DTR	FCA's Disclosure Guidance and Transparency Rules
EBIT	Earnings before income tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
EBT	Ashmore 2004 Employee Benefit Trust
EBVCIT	Earnings before variable compensation, interest and tax
ECB	European Central Bank
ELMI+	J.P. Morgan Emerging Local Markets Index Plus
EM	Emerging markets
EMBI	J.P. Morgan Emerging Market Bond Index
EMBI GD	J.P. Morgan Emerging Market Bond Index Global Diversified
EMTA	Trade Association for the Emerging Markets
EPS	Earnings per share
ESEF	European Single Electronic Format Regulation
ESG	Environmental, social and governance
ESGC	ESG Committee
FCA	Financial Conduct Authority of the United Kingdom
Fed	Federal Reserve of the United States of America
FRC	Financial Reporting Council
FSC	Forest Stewardship Council®
FTE	Full time equivalent
FX	Foreign exchange
GAAP	Generally accepted accounting principle
GBI-EM	J.P. Morgan Government Bond Index – Emerging Markets
GBI-EM GD	J.P. Morgan Government Bond Index – Emerging Markets Global Diversified
GBP	British pound sterling, the official currency of the United Kingdom and its territories
GDPR	General Data Protection Regulations
GFD	Group Finance Director
GHG	Greenhouse gas
GIPS	Global investment performance standards

Group	Ashmore Group plc and its subsidiaries
Guidance	FRC's Guidance on Risk Management, Internal Control and Related Financial and Business Reporting 2014
HY	High yield
ICAAP	Internal Capital Adequacy Assessment Process
ICARA	Internal Capital and Risk Assessment
IEA	International Energy Agency
IFC	International Finance Corporation
IFPR	Investment Firms Prudential Regime
IFRS	International Financial Reporting Standards
IG	Investment grade
IMF	International Monetary Fund
ISAE 3402	International Standards on Assurance Engagements 3402
KPI	Key performance indicators
KRI	Key risk indicator
NGOs	Non-governmental organisations
NZAMI	Net Zero Asset Managers Initiative
NZAOA	Net Zero Asset Owner Alliance
NZE	Net Zero Emissions
PASI	Principal Adverse Sustainability Impact
PMI	Purchasing managers index
PPP	Purchasing power parity
QE	Quantitative easing
RCC	The Group's Risk and Compliance Committee
Remuneration report	Directors' Remuneration policy and the Annual Report on Remuneration
Scope 1	Direct emissions from owned or controlled sources, including fuel consumption, fugitive emissions and vehicle usage
Scope 2	Indirect GHG emissions from the generation of purchased electricity
Scope 3	Indirect GHG emissions including air travel, hotels, water and waste
SDGs	United Nations Sustainable Development Goals
SECR	Streamlined Energy and Carbon Reporting
SSAE 18	Statement on Standards for Attestation Engagements no. 18
TCF	Treating customers fairly
TCFD	Financial Stability Board's Task Force on Climate-related Financial Disclosures
UN GC	United Nations Global Compact
UN PRI	United Nations Principles for Responsible Investment
US\$	US dollar, the official currency of the United States of America
VC	Employee variable compensation
WACI	Weighted Average Carbon Intensity
WBCSD	World Business Council for Sustainable Development
WRI	World Resources Institute
YoY	Year on year



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