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Ashmore

Annual Report and Accounts 2016

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Ashmore Group plc

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Contents

For the online version of the annual report, other announcements and details of up-coming events, please visit the Investor Relations section of the Ashmore Group plc website at **www.ashmoregroup.com**

2016 Financial overview

Assets under management (AuM)

US$52.6bn

2015: US$58.9bn

Net revenue

£232.5m

2015: £283.3m

Adjusted EBITDA margin

62%

2015: 67%

Profit before tax

£167.5m

2015: £181.3m

EPS Basic

19.1p

2015: 20.3p

Dividends per share

16.65p

2015: 16.65p

More information

Non-GAAP alternative performance measures are defined on pages 10-11 and a reconciliation to GAAP measures is provided on page 24, including the 2015 comparative for adjusted EBITDA margin. Five-year comparatives for other alternative performance measures are included in the five-year summary on page 122. Net revenue includes foreign exchange.

Ashmore is a specialist Emerging Markets asset manager, with a strategy and business model designed to withstand the fluctuations of market cycles.

Through these cycles, Ashmore has consistently followed proven investment processes to deliver outperformance for clients and high profitability and strong cash generation for shareholders.

Learn more about Ashmore's consistent approach throughout this report

Understand Ashmore's business model
Page 4

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Investment themes

Focused on Emerging Markets

Ashmore offers a broad and continually evolving range of Emerging Markets investment themes

Theme	EXTERNAL DEBT	LOCAL CURRENCY	CORPORATE DEBT
Theme premise	**Invests in debt instruments issued by sovereigns (governments) and quasi-sovereigns (government-sponsored).**	**Invests in local currencies and local currency-denominated instruments issued by sovereign, quasi-sovereign and corporate issuers.**	**Invests in debt instruments issued by public and private sector companies.**
Global Emerging Markets sub-themes	– Broad – Sovereign – Sovereign, investment grade – Short duration	– Bonds – Bonds (Broad) – FX – FX+ – Investment grade	– Broad – High yield – Investment grade – Local currency – Private debt – Short duration

Theme	BLENDED DEBT	
Theme premise	**Mandates specifically combine external, local currency and corporate debt measured against tailor-made blended indices.**	– Blended debt – Investment grade – Absolute return

Regional/ country focused sub-themes		China, Indonesia, Turkey	Asia, Latin America

Theme	MULTI-ASSET	
Theme premise	**Specialised, efficient, all-in-one access to strategic asset allocation across the full Emerging Markets investment universe.**	– Global

Ashmore has focused on Emerging Markets investing for more than two decades. Over that period it has established a diversified range of eight investment themes, shown below, with dedicated strategies under each theme providing either global Emerging Markets exposure or specific regional or country exposure. The Group's products are available in a wide range of fund structures, covering the full liquidity spectrum from daily-dealing pooled funds through to multi-year locked-up partnerships. Ashmore continually seeks to innovate by providing access to new investment strategies as the Emerging Markets develop.

EQUITIES	ALTERNATIVES	OVERLAY/LIQUIDITY	Theme
Invests in equity and equity-related instruments within the Emerging Markets including global, regional, country, small cap and frontier opportunities.	**Provides access to private equity, healthcare, infrastructure, special situations, distressed debt and real estate investment opportunities.**	**Separates and centralises the currency risk of an underlying Emerging Markets asset class in order to manage it effectively and efficiently.**	Theme premise
– Global EM value – Global Small Cap – Global Frontier – Global Equity Opportunities	– Private Equity – Healthcare – Infrastructure – Special situations – Distressed debt – Real estate	– Overlay – Hedging – Cash management	Global Emerging Markets sub-themes
Africa, China, India, Indonesia, Latin America, Middle East, Turkey	Andean, Asia, India		Regional/ country focused sub-themes

Theme

Theme premise

Consistent proposition

for long-term value

Brazilian coffee bean harvesting
Brazil first planted coffee in the early 17th century and is the world's largest producer of coffee, with 43 million bags produced in 2015 representing 30% of the total market. In addition to the important export market, domestic consumption has been growing steadily.

Source: ABIC

Consistency, through the cycle

Ashmore's business model is designed to withstand the fluctuations of market cycles. Diversification – of clients, investment themes and revenue sources – together with an inherently high level of cost flexibility, protect the Group's profitability and cash generation in more challenging parts of the cycle.

The Group's AuM and revenues vary through cycles. Fixed operating costs are kept at a low level to maximise profitability, and variable compensation represents a substantial proportion of total operating costs.

The Remuneration Committee is able to flex the proportion of Group profits that are distributed to employees through annual variable compensation awards. A significant proportion of the annual award is made in equity with a long-dated vesting point (five years), which serves as an employee retention mechanism even in more difficult parts of the cycle.

More information
The Remuneration report can be found on pages 54 to 67.

A strategy to capture value for clients and shareholders from long-term Emerging Markets growth trends

Three phase strategy

1. ESTABLISH EMERGING MARKETS ASSET CLASS

2. DIVERSIFY DEVELOPED WORLD CAPITAL SOURCES AND THEMES

3. MOBILISE EMERGING MARKETS CAPITAL

Objectives

- Establish Ashmore Emerging Markets investment processes
- Enhance understanding of Emerging Markets in the developed world
- Provide access to Emerging Markets and their rapid development opportunities
- Increase developed world investor allocations

Progress and priorities

Progress
- Annual Investor Forum and Cass Business School seminar
- Consistent fundamental view of asset class expressed through research

Priorities
- Emphasise Emerging Markets structural trends and investment opportunities as global economic imbalances unwind

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

Progress
- Product development: Global Equity Opportunities and Absolute return funds
- Significant capital raising in alternatives theme: healthcare and infrastructure
- Provided seed capital to support distribution and product initiatives

Priorities
- Grow equities business
- Increase US penetration
- Increase intermediary AuM
- Grow scale in new funds
- Develop new conduits to capital
- Continue to grow alternatives AuM

- Capital sourced initially from largest pools, i.e. central banks, governments, reserve managers and sovereign wealth funds
- Manage domestic capital locally
- Develop network of local asset management businesses
- Create strong local performance track records

Progress
- Global distribution sourcing capital for local platforms
- Indonesia growing as planned
- Opened office in Dubai
- Active management of seed capital to support local platforms

Priorities
- Increase scale of local platforms
- Realise potential of recently established platforms such as Saudi Arabia

High-quality returns from a scalable platform

Ashmore's business model is designed to withstand the fluctuations of market cycles, to create value for clients and shareholders

Ashmore inputs

More than 20 years' experience of Emerging Markets

Diverse global client base

Network of Emerging Markets relationships

Broad range of Emerging Markets investment themes

Global and local asset management platforms

Skilled and committed employees

Ashmore characteristics

Specialist Emerging Markets focus

Value-orientated active fund management

Committee-based investment processes

Distinctive remuneration philosophy

Cost efficiency

Scalable operating platform

Risk-aware culture

Outputs

Long-term investment performance for clients

Alignment of interests through employee equity ownership

Value for shareholders

Ashmore inputs

More than 20 years' experience of investing in Emerging Markets
Ashmore has a long track record of investment in Emerging Markets, beginning in 1987 for equities and 1992 for fixed income. The Group's commitment to Emerging Markets is underpinned by well-established convergence trends in economic, political and social factors.

Diverse global client base
The Group's success depends on delivering performance for its clients, and the diversity of the global client base, by type and by geography, provides resilience through the cycle. Ashmore seeks to complement its broad range of institutional clients with AuM from retail clients sourced through intermediaries such as private banks and wealth advisers. In line with the third phase of the Group's strategy, 32% of AuM is sourced from within Emerging Markets.

Network of relationships
Ashmore has established relationships with investors, investees and other contacts in more than 70 Emerging Markets countries. The investment teams travel extensively to support the investment processes.

Broad range of Emerging Markets investment themes
A diverse range of eight investment themes and many sub-investment themes. The Emerging Markets universe is large, diversified, and growing rapidly, and provides Ashmore with investment opportunities across more than 70 countries.

Global and local asset management platforms
Ashmore has established global operating hubs in London, Washington D.C. and Singapore, enabling it to support asset management activities across multiple time zones. Local asset management offices benefit from the scale, efficiency, best practices and resources of a global manager.

Employees
Ashmore's employees are its most important asset, and today the Group employs 266 people in 14 offices across 11 countries, including 86 investment professionals, 42 distribution staff, and a range of support functions. Ashmore seeks to develop, manage and retain this talent in order to deliver the Group's potential.

Ashmore characteristics

Specialist EM focus
Ashmore's deep understanding of the diverse Emerging Markets asset classes is the foundation for identifying value in markets and delivering long-term investment performance.

Value-oriented active fund management
The diversity and inefficiencies of the asset class provide significant investment opportunities, but also require specialist, active fund management skills to navigate volatile market cycles.

Committee-based investment processes, not a star culture
Disciplined Investment Committees manage portfolios through the application of consistent value-based investment philosophies.

Distinctive remuneration philosophy
Fixed salaries are capped and variable pay is linked to Group profitability. Rewards are biased towards long-dated equity, supporting the 'team-based' culture and encouraging employee retention.

Cost efficiency
Ashmore's stringent control of operating costs is maintained throughout the cycle, and delivers a high profit (EBITDA) margin and strong cash generation.

Scalable operating platform
Ashmore has invested in its infrastructure and middle office functions to enable growth in segregated accounts, which represent 70% of Group AuM, while also supporting greater scale in mutual funds on the Group's SICAV, 40-Act and local market platforms.

Risk-aware culture
Ashmore's internal control framework provides an ongoing process for identifying, evaluating and managing the Group's principal risks. A strong control culture is combined with clear management responsibility and accountabilities for individual controls.

Outputs

Long-term investment performance for clients
Investment processes have successfully added risk in periods of market weakness, resulting in 63% of AuM outperforming over three years and 73% outperforming over five years.

% of AuM outperforming over three years

63%

Alignment of interests through employee equity ownership
A significant proportion of the Group's equity is owned by current employees.

Value for shareholders
Notwithstanding continued tough market conditions, Ashmore delivered an adjusted EBITDA margin of 62% and generated cash from operations of £125.2 million in FY2015/16 with assets under management of US$52.6 billion at the year end.

Adjusted EBITDA margin

62%

The Board has proposed a final dividend of 12.1 pence per share, to give total dividends of 16.65 pence per share for the year.

Dividends per share

16.65p

Measuring the Group's performance

The Group has reviewed and updated its key performance indicators (KPIs) this year, replacing headcount, net management fee margins and variable compensation with investment performance, adjusted EBITDA margin and balance sheet, to provide a more meaningful assessment of the Group's financial and non-financial performance over the long term. The revised KPIs also support the introduction of new performance conditions for Executive Directors' share plan awards, as described in the Remuneration report on page 54.

MEASURE	ASSETS UNDER MANAGEMENT	INVESTMENT PERFORMANCE
Definition	The movement between opening and closing AuM provides an indication of the overall success of the business during the period, in terms of both net subscriptions/redemptions and investment performance. The average AuM level during the period, along with the average margins achieved, determines the level of management fee revenues.	The proportion of applicable Group AuM that is outperforming relevant benchmarks on a gross basis, over one year, three years and five years.
Relevance to strategy	The Group's strategy seeks to capitalise on the growth trends across Emerging Markets. This is ultimately reflected in AuM growth over time.	The Group's success is dependent on delivering investment performance for clients, who typically look at performance over the medium to long term.
Long-term performance	**Assets under management** US$52.6bn 2015: US$58.9bn AuM declined by 11% through net outflows of US$7.5 billion, partially offset by positive investment performance of US$1.2 billion. Average AuM decreased by 22% to US$52.1 billion.	**Investment performance (three years)** 63% 2015: 60% The Group's value-based investment processes seek to add risk in periods of market weakness, and this has delivered an improvement in investment performance over the short term. The three- and five-year performance figures remain strong.

ADJUSTED EBITDA MARGIN

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

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

Adjusted EBITDA margin

62%

2015: 67%

The adjusted EBITDA margin has been maintained at a high level, with the inherently high degree of cost flexibility provided by the Group's business model mitigating the effect of lower average AuM, and therefore management fees, over the year.

DILUTED EPS

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

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

Diluted EPS

18.1

2015: 19.3p

Diluted EPS declined by 7% versus the prior year. A fall in operating profit was partially offset by the positive mark-to-market profit contribution from the active management of seed capital.

BALANCE SHEET

The Group maintains a strong balance sheet through the cycle. This is measured by the total value of capital resources available to the Group, defined as capital and reserves attributable to equity holders of the parent less goodwill and intangible assets less investments in associates, and comparing this to the consolidated regulatory capital requirement (see note 21), to provide a solvency ratio.

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

Solvency ratio

491%

2015: 514%

The Group's capital position remains strong, with total financial resources equivalent to approximately five times its regulatory capital requirement.

Ashmore has a collaborative culture focused on creating value for clients and shareholders

My first year as Chairman has confirmed the impressions I had of Ashmore, initially from the perspective of an asset management industry participant and then while serving on the Board as a Non-executive Director. The opportunity presented by the increasing wealth of Emerging Markets is a substantial one, and Ashmore's strategy and business model position it well to capture this value on behalf of clients and shareholders.

Markets are cyclical, but there is virtue in following a consistent and well-defined investment philosophy. The strong performance of Ashmore's funds is testament to the ability of the Group's committee-based investment processes to deliver value to clients through market cycles. This successful investment track record derives from a deep and specialist knowledge of Emerging Markets that has been built up over more than two decades, and which is delivered to clients across a broad range of investment themes and product structures.

12.1p per share
Recommended final dividend

Similarly, the Group's business model is designed to cope with market fluctuations and to align interests between clients, shareholders and employees. This is primarily achieved by enforcing strict cost discipline and through the Group's distinctive and uniformly applied remuneration principles, that place an emphasis on variable and performance-related pay, with a bias towards long-term equity ownership. The Group's culture is therefore a collaborative one, with clients' interests and the creation of shareholder value, including for employee shareholders, the overarching factors for success. Even after three years of difficult market conditions, the commitment of Ashmore's employees and the resilience of its business model continue to deliver a high level of profitability.

Internal and independent external reviews have confirmed the effectiveness and efficiency of the Board and its committees, and I intend that my leadership will provide a consistent basis for this to continue. The Board's composition has an appropriate bias towards individuals with financial services experience, but also provides a wide variety of skills and opinions that are relevant to an active, specialist asset manager investing in Emerging Markets and operating in an increasingly complex industry. In that regard, I was pleased to welcome Clive Adamson to the Board in October, with his wide experience of the financial services regulatory environment.

Despite the impact of market conditions on profits, taking into account the Group's financial position and prospects, the Board believes it is appropriate to recommend a final dividend of 12.1 pence per share for the year ending 30 June 2016. Subject to shareholders' approval, the final dividend will be paid on 2 December 2016 to those shareholders on the register on 4 November 2016. This makes a total dividend of 16.65 pence per share for the year.

After serving on the Board for 10 years, Nick Land will retire at the AGM in October. On behalf of the Board and all Ashmore employees, I would like to thank Nick for his commitment and valuable contribution over the past decade.

BOARD CHANGES

- Peter Gibbs succeeded Michael Benson as Chairman when he retired from the Board in October 2015 after serving for nine years.
- Clive Adamson was appointed to the Board as a Non-executive Director in October 2015 and joined the Audit and Risk Committee (ARC) in December 2015.
- Dame Anne Pringle was appointed to the ARC and David Bennett was appointed Chairman of this committee in October 2015.
- Simon Fraser was appointed Senior Independent Director in October 2015.
- Nick Land will retire from the Board at the AGM in October 2016.

More information
A detailed report on corporate governance is provided on pages 46 to 48.

I believe Ashmore has a highly talented group of employees that through market cycles have proven their commitment to delivering performance for clients. With a backdrop of improving conditions for Emerging Markets, this positions the Group well to continue to deliver value for shareholders.

Peter Gibbs
Chairman

5 September 2016

Consistent Emerging Markets specialism delivers performance across cycles

Market conditions for the first half of the financial year were volatile and weak, with continued falls in commodity prices, a devaluation of the Chinese renminbi, fluctuating expectations for US monetary policy and concerns about global economic growth. Emerging Markets assets experienced distinct periods of weakness in August and September and then again in December and January. The second half of the financial year saw a sharp recovery in sentiment, however, as central banks in the developed world generally adopted dovish stances, commodity prices rallied and then stabilised, and economic and political conditions across Emerging Markets have generally proven resilient. The UK's referendum on EU membership at the end of the financial year had little direct effect on Emerging Markets, although the Group's non-Sterling denominated revenues and balance sheet positions benefited from the weaker exchange rate.

Ashmore's investment processes took advantage of volatile and weak market conditions, particularly in the first half of the financial year, such that investment performance over the period added US$1.2 billion to AuM and performance against benchmarks has been maintained. However, investor sentiment towards Emerging Markets remained weak for much of the period and therefore net outflows, while improving over the course of the year, led to an 11% reduction in the Group's AuM.

Against this backdrop, the Group continued to manage its costs effectively and generated an adjusted EBITDA margin of 62%. Lower operating costs, strong mark-to-market returns on seed capital, and the beneficial effect of a stronger US dollar against Sterling partially offset lower management fee income to deliver profit before tax of £167.5 million, 8% lower than the prior year.

AuM development

Assets under management declined by 11% over the year from US$58.9 billion to US$52.6 billion and, given the periods of pronounced market weakness in the first half of the year, average AuM fell by 22% from US$66.4 billion to US$52.1 billion. Investment performance added US$1.2 billion to AuM and there were net outflows of US$7.5 billion during the year, although there was an improving trend in both gross and net flows over the period.

Investment performance

A weaker Chinese currency, falling commodity prices and uncertainty about global growth prospects caused significant global market weakness in the first half of the financial year. Ashmore's investment processes added risk to portfolios during these periods, and consequently delivered strong outperformance when markets started to recover in February. When combined with the benefits of similar market patterns and investment opportunities in the prior financial year, as expected there has been a significant improvement in the proportion of AuM outperforming benchmarks over one year, from 23% as at 30 June 2015 to 69% as at 30 June 2016. This rapid and pronounced recovery in performance is typical for Ashmore's value-based investment approach, which continues to find profitable opportunities in the inefficient Emerging Markets universe.

The investment track record has been maintained over three and five years, with 63% and 73% of AuM outperforming relevant benchmarks, respectively (30 June 2015: 60% and 81%, respectively).

63%

AUM outperforming benchmarks over three years

73%

AUM outperforming benchmarks over five years

Financial performance

Revenue

Net revenue for the year of £232.5 million was 18% lower than in the prior year. This is principally the result of a 21% reduction in net management fees, which reflects 22% lower average AuM.

Performance fees of £10.4 million (FY2014/15: £13.3 million) were primarily delivered by investments in the alternatives theme. Funds with an August year end realised performance fees of £5.7 million in August 2016 that will be reflected in the FY2016/17 financial year.

The Group receives the majority of its fees in US dollars, which are sold as necessary to satisfy Sterling or other currency liabilities. The Group's cash held in currencies other than Sterling is marked to market at the balance sheet date and, primarily as a result of the US dollar strengthening against Sterling during the period from 1.5712 to 1.3234, there was a foreign exchange translation gain of £21.0 million (FY2014/15: £18.5 million).

Operating cost structure
The Group continues to manage its cost base effectively, ensuring sufficient investment for future growth opportunities while employing discipline in the light of the challenging market backdrop that has prevailed for several years. The majority of costs relate to staff and the Group maintains a relatively low cap on fixed salary costs and a strong bias towards variable performance-related remuneration. An emphasis is placed on long-term equity ownership. In the year to 30 June 2016, variable compensation as a percentage of earnings before variable compensation, interest and tax (VC/EBVCIT) was 20% (FY2014/15: 18.5%).

Total operating costs fell by 7% to £92.3 million (FY2014/15: £99.5 million).

Profitability
Adjusted earnings before interest, tax, depreciation and amortisation (EBITDA) was £130.9 million (FY2014/15: £176.6 million) and the adjusted EBITDA margin was 62% (FY2014/15: 67%).

Profit before tax for the year declined by 8% to £167.5 million (FY2014/15: £181.3 million) and diluted earnings per share for the year were 7% lower at 18.1p (FY2014/15: 19.3p).

Business and strategic developments

Ashmore continues to develop products as client demands evolve, and the Emerging Markets continually present new and differentiated investment opportunities. The Group has launched an absolute return product in SICAV form, which provides broader client access to a strategy that has previously been managed in segregated accounts. The short duration strategy that was launched two years ago now exceeds US$500 million AuM. With US dollar-denominated Emerging Markets bonds maturing in less than three years yielding more than 6%, this strategy is attracting investors seeking yield and has proven particularly popular through the retail intermediary channels in the US and Europe. The intermediary business in these regions generated net inflows over the year, which partially offset the expected redemptions from Japanese retail funds. Retail AuM has increased from 9% to 10% of the Group's total AuM.

After a period of asset realisations and capital returns to investors in the alternatives theme, approximately US$800 million of new capital was raised in the year, mainly in respect of private equity and senior debt infrastructure funds in Colombia, and private equity investments in the private healthcare markets in the Middle East. These are both long-term growth themes in Emerging Markets and Ashmore expects to grow its alternatives theme further over time, providing higher margin management fees derived from long-term, locked-up capital structures and often with the ability to earn carry or performance-related fees over their lives.

In November, Ashmore opened an office in Dubai to support its plans for growth in assets sourced and managed across the broader Gulf Cooperation Council (GCC) region.

The Group's range of mutual funds continues to develop, with 29 SICAVs managing US$8.6 billion and nine US 40-Act funds managing US$1.2 billion.

Infrastructure

COLOMBIA

Ashmore raised more than US$600 million during the year into closed ended funds that will invest in Colombian infrastructure projects. The majority of the capital was raised into a senior debt fund with a 25 year life, and a second private equity fund follows on from the successful Colombian infrastructure private equity fund that the Group established in 2010. Capital was raised from local and international investors, supporting the second and third phases of the Group's strategy.

The senior debt fund will provide exposure to the Colombian government's flagship fourth generation road programme, which seeks to address the severe deficit in the country's road infrastructure: only 14% of Colombian roads are paved, compared with a worldwide average of 57%. The public/private partnerships are structured to provide minimum toll revenue guarantees and direct payment from the Government, thereby eradicating market and traffic risks.

Ashmore has committed seed capital to the Colombian funds, and over time it expects to raise additional capital to support the long-term growth theme of infrastructure development in Emerging Markets.

Healthcare

UNITED ARAB EMIRATES

Ashmore raised US$100m to fund healthcare private equity investments in the United Arab Emirates (UAE). In association with King's College Hospital and local equity partners, the first project in Dubai will build and operate a range of clinics and a hospital that will provide a full range of care, including centres of excellence in paediatrics, endocrinology, orthopaedics, and obstetrics and gynaecology. The project will provide industry-leading healthcare facilities to the growing resident population and will support Dubai's ambition to become a hub for medical tourism.

Demand for private healthcare is a long-term growth theme in Emerging Markets, as populations expand, life expectancy increases, and 'lifestyle' medical conditions become more prevalent, typically in contexts where public healthcare expenditure is low relative to GDP.

Ashmore has provided seed capital to the UAE project, and believes its partnership approach can serve as a template for other markets in the GCC region and beyond.

During the year, Ashmore agreed the terms of a transaction whereby Taiping Group, one of the largest insurance companies in China, will take a majority stake in Ashmore's Shanghai-based China fund management joint venture. Ashmore will retain a 15% interest in the joint venture and believes that the introduction of Taiping Group as a new shareholder will bring material benefits in the form of improved distribution access and support for product launches. The transaction received final regulatory approval in July.

Outlook

The volatility and weakness experienced recently in Emerging Markets assets, when set against improving economic fundamentals, has provided good investment opportunities for Ashmore's value-based processes. Sentiment towards Emerging Markets is improving and has been reflected in high frequency flow data, such as allocations to exchange-traded and mutual funds. While Ashmore has seen some early adopters in the past year, typically long-standing investors that understand the inefficiencies of Emerging Markets and can identify when value has been created by indiscriminate market weakness, most institutional investors take longer to react to improving market conditions. Therefore, a lag is likely between the recovery in asset prices and sentiment, and a broader and sustained recovery in investor appetite, and history suggests some investors that mis-timed the cycle may use a period of stronger asset prices to exit. Ultimately, though, the value available in Emerging Markets contrasts starkly with current pricing levels for many developed world markets, and this will encourage investors to address their weightings in Emerging Markets, resulting in stronger client flows over time.

UK referendum on EU membership

The immediate impact of the 'Brexit' referendum on Ashmore is known: the fall in the value of Sterling against the US dollar generated translation gains related to the balance sheet as at 30 June 2016, and provides a tailwind for the ongoing translation of non-Sterling denominated management fees, subject to any hedges in place. However, over the medium to longer term, the potential consequences are less easy to determine and will depend on the nature of the UK's relationship with the European Union and its individual member states. The Group has formed a senior management committee to monitor and manage the implications of Brexit, and is currently focused on three areas: the financial services passporting regime; counterparty relationships; and the very small number of UK-based employees that are potentially affected. Overall, the Group's view is that the operational implications of Brexit will be manageable.

People and culture

Ashmore's culture is characterised by the commitment of its employees through what has been a protracted period of volatility in Emerging Markets. Delivering investment performance for clients is central to the Group's success, and I would like to thank all employees for continuing to work hard throughout this period to deliver for clients.

Mark Coombs
Chief Executive Officer

5 September 2016

Consistent perspective

in volatile markets

Basket weaving in Indonesia
The long-established tradition of weaving baskets from bamboo is representative of activities in many cultures: transforming natural material into useable goods; handing basic skills down through generations; and providing employment and income for women.

Improvement in Emerging Markets external balances

The propensity to reform and adjust to cyclical challenges is typically high in Emerging Markets, through the accountability of governments and the belief, borne out by history, that they are unlikely to be given the benefit of the doubt by foreign investors and institutions. In the current cycle this has been evident in the response of governments and central banks to currency devaluations, with a dampening of domestic demand and subsequent control of inflation, which, when combined with a restoration of export competitiveness, is now delivering a widespread and substantial improvement in external balances. This helps to build foreign exchange reserves, and will benefit GDP growth through the net export channel.

Of the 30 most traded Emerging Market countries shown in the chart above, only three have shown no improvement in their current account position from their respective low points since quantitative easing began five years ago. On average, the remaining 27 countries have experienced an improvement equivalent to 3.9% of GDP, which is a powerful macro-economic adjustment that bodes well for near-term GDP growth expectations.

Emerging Markets are diverse and have resilient long-term fundamental attractions

Convergence trend provides a powerful growth opportunity

The Emerging Markets investment universe is large and diverse, and offers substantial growth opportunities as countries' economic, social and political characteristics converge with those of the developed world over time. Notwithstanding the strong growth seen since the end of the 1990s, the emerging world is on average still nearly four decades behind the developed world in GDP per capita.

Diversity challenges common perceptions of Emerging Markets

While sentiment and market prices can be swayed by overly simplistic, high-level generalisations about Emerging Markets, the investment universe is highly diversified and provides a range of investment opportunities for an active, specialist asset manager such as Ashmore. For example, the JP Morgan EMBI GD external debt index includes 66 countries and this is expected to increase to 80 countries by the end of the decade. Over the 12 months to June 2016, the range of returns from these countries was typically wide, from -18% for Belize to +66% for Ukraine.

Increasing opportunities as indices develop

As countries become wealthier, their capital markets broaden and deepen and become more accessible, and more relevant, to international investors. This will increase Emerging Markets representation in widely used benchmark indices from the prevailing low levels. For instance, just 8% of the US$18.5 trillion fixed income universe and 21% of the US$20.1 trillion listed equities universe are included in benchmark indices. In the meantime, Ashmore's active investment processes seek to identify opportunities across the full spectrum of investible assets.

Emerging Markets fund in their own currencies

One of the reasons for the resilience of Emerging Markets in the face of numerous shocks over the past few years has been the long-established and overwhelming bias towards funding in local currency markets rather than using external debt. Importantly, the majority of local currency-denominated bonds are owned by domestic investors, such as pension funds, which further mitigates the risk of capital flight in response to currency devaluations.

Network of offices and diverse investments across Emerging Markets

Ashmore has established a network of 14 offices across 11 countries, providing global investment management capabilities together with local platforms that underpin the third phase of the Group's strategy, to mobilise Emerging Markets capital. Ashmore has sourced 32% of its AuM from clients domiciled in the Emerging Markets.

22%
of Group AuM is from clients based in the Americas

28%
of Group AuM is from clients based in Europe ex UK

19%
of Group AuM is from clients based in Asia Pacific

8%
of Group AuM is from clients based in the UK

23%
Group AuM is from clients based in Africa and the Middle East

The first half of the Group's financial year generally saw weaker markets, reflecting concerns about global growth, the timing and effect of the first US rate increase, and lower commodity prices. The second half of the period was the inverse of the first half, with a recovery in the oil price, a fading of US dollar strength notwithstanding the US rate increase in December 2015, and a stabilisation or improvement in economic data. Against this backdrop of low growth, few inflationary risks and improved currency performance only towards the end of the year, Emerging Markets fixed income delivered stronger returns than equities, and US dollar-denominated debt outperformed local currency markets over the year.

External debt

The JP Morgan EMBI GD benchmark index delivered a good return over the year (+9.8%), and with high yield outperforming investment grade. It is notable that the highest returns came from the two countries that defaulted or restructured in the year: Argentina and Ukraine. This highlights the investment opportunities available in an inefficient asset class and the necessity to have strong, specialised credit analysis to identify where there is value, when security prices fall too far and become detached from fundamentals. Over three years, the Group's external debt broad composite has returned +6.9% annualised versus +7.2% for the benchmark.

While the concept of hard currency, typically US dollar-denominated, sovereign debt is straightforward, the complexity of the asset class and the need for active management derive from its diversity. The benchmark index contains 66 countries, and this is expected to increase as developing nations issue foreign currency debt for the first time. Importantly, with an index yield of around 5% there is a significant spread premium of approximately 350bps over 10-year US Treasuries to allow the index to perform even in a period of rising US interest rates.

Local currency

The continued strength of the US dollar for the first half of the year affected index returns, but this reversed in the second half such that the JP Morgan unhedged GBI-EM GD benchmark index increased by 2.0% over the 12 months. Over three years, the Group's local currency bonds composite has returned -3.2% annualised versus -3.6% for the benchmark.

The high positive yields available in local currency bonds are extremely attractive, particularly when compared with sovereign alternatives in the developed world, where many bonds offer negative yields. The strength of the US dollar over the past four years has affected returns from the local currency asset class, yet the outlook for Emerging Markets currencies against the US dollar is arguably now more balanced and the attractiveness of local currency bonds is therefore evident.

Local currency issuance by countries and companies continues to grow, which not only bolsters the resilience of Emerging Markets in the face of external shocks, but also provides significant and scalable investment opportunities for active investment managers. The opening to foreign investors of markets such as China will have important implications for benchmark indices, and over time, Ashmore expects this asset class to become its single largest theme on an 'as invested' basis.

Corporate debt

The JP Morgan CEMBI BD benchmark index performed well over the year (+5.3%), although in contrast to external debt, high yield slightly underperformed investment grade bonds. Over the past three years, the Group's corporate debt composite has returned +1.8% annualised versus +5.7% for the benchmark.

While the asset class naturally takes the US high yield credit market as a reference point for pricing, the second half of the period saw divergent fundamentals as defaults rose sharply in the US. Emerging Markets defaults have not followed suit, primarily due to two factors: Emerging Markets have greater geographic diversity (for example, there are 51 countries represented in the benchmark index), and the presence of explicit or implicit sovereign support, especially in the natural resources sector, which can be a factor to consider when assessing companies' ability and willingness to pay.

The asset class provides access to high yielding credit from a diverse range of issuers, and with shorter duration opportunities for investors looking to reduce rates risk. While demand is likely to remain focused on US dollar-denominated debt, over the longer term there are significant opportunities available in the much larger local currency corporate credit markets.

Blended debt

Reflecting the performance of the underlying asset classes, the standard blended debt benchmark generated a 5.1% return over the 12 month period.

There are powerful arguments for a dynamic allocation across Emerging Markets debt asset classes, including the wide range of annual investment returns and the ease with which an investor can achieve a broad allocation to Emerging Markets fixed income. Ashmore's long-term investment track records in each of the underlying asset classes, delivered by a consistent fixed income investment process, provide it with a strong insight into the relative value between the asset classes. This approach has delivered good returns for investors, with the Group's blended debt composite returning +4.0% annualised over the past three years versus +1.9% for the benchmark.

Equities

The Emerging Markets equity universe is large and diversified, and offers a broad range of investment opportunities for an active manager. As with fixed income, the indices can be a poor guide to the risk and returns available. For instance, the MSCI Frontier Market index is dominated by three countries: Kuwait, Argentina and Nigeria, which together account for nearly half (44%) of the index market capitalisation. Where benchmarks exist, however, the Group has typically delivered significant outperformance. Based on composites, more than half of the Group's equity AuM is outperforming benchmarks by at least 200bps annualised over three years and in some cases, such as the Group's India and Middle East funds, by more than 1000bps annualised.

Ashmore's Emerging Markets equity products provide a wide range of differentiated and uncorrelated returns, with significant growth potential in the underlying capital markets as they participate in the broader convergence trends and increasingly provide access to international investors. The Group's equities AuM today reflects a broad range of specialist funds, and over time the Group expects to grow its capabilities in the more scalable global Emerging Markets products.

Alternatives

Ashmore has identified several established growth trends in Emerging Markets, such as infrastructure development, renewable energy and private healthcare provision, that require long-term investment in illiquid assets. These projects can deliver attractive returns for investors who commit capital for multi-year periods. The Group has a long history of structuring funds, raising capital from a diversified investor base, managing projects and realising returns from such opportunities.

As described in the Chief Executive's review, the Group increased its alternatives AuM through capital raising in the period, and it believes there is a significant opportunity to replicate these initiatives in other Emerging Markets.

Multi-asset

The Group's multi-asset funds provide broad and diversified Emerging Markets exposure for both institutional and retail investors. As with blended debt, the asset allocation process draws on long investment track records in the underlying themes, and enables the Investment Committee to reflect an informed view of the relative value between the various fixed income, equity and alternatives asset classes. AuM in the period was stable, with positive investment performance offset by expected outflows from Japanese retail funds.

Overlay/liquidity

The Group's overlay product provides clients with the ability to manage the currency exposure of a portfolio of Emerging Markets assets. AuM development in this theme is determined by a number of external factors, such as the size and composition of the portfolios subject to hedging, asset allocation decisions, and the cost/benefit of hedging particular currencies.

Market outlook

More than three years of difficult conditions in Emerging Markets raises the question of whether the resultant asset prices reflect an opportunity to capture value or are a signal of further weakness. Ashmore believes there is substantial evidence to support the former, more optimistic view, and particularly so when considered against the relative lack of meaningful return opportunities in many Developed Markets.

Emerging Markets have faced several significant challenges over the past few years, starting with the Federal Reserve's 'taper tantrum' in 2013, an extended period of US dollar strength, elections and political upheaval in major economies, significant falls in the prices of commodities, and the start of the US interest rate cycle.

Yet there have been only two sovereign credit events, both of which can fairly be described as atypical and having very little to do with the factors listed above. The Emerging Markets corporate high-yield default rate is in line with its long-run average, and diverging from the US high yield market where defaults are rising sharply.

Why is this the case? The reasons inevitably depend upon specific circumstances but the broad common factors are that Emerging Markets have relatively low levels of debt (public or private), supportive demographics, responsible fiscal policies, less leverage in financial systems than in the developed world, high levels of FX reserves, more prudent monetary policies (and with greater capacity for stimulus with relatively high real interest rates and having not undertaken quantitative easing), and a greater tendency to reform.

Importantly, this backdrop has enabled policymakers to respond to weaker currencies by depressing domestic demand where necessary, which is leading to a significant improvement in external balances across Emerging Markets. This is feeding positively into FX reserves and GDP growth expectations, via net exports. Consequently, many market participants including the IMF expect an acceleration of GDP growth in Emerging Markets versus Developed Markets, for the first time since 2011.

It appears therefore that the weakness in Emerging Markets asset prices has created a clear opportunity, since the fundamentals are evidently more robust than implied by market prices. Furthermore, the opportunity cost of allocating to Emerging Markets has declined. In Developed Markets, the effects of QE have been to increase debt and raise asset prices, and in the absence of reforms productivity has fallen and GDP growth remains weak; the persistent strength of the US dollar over the past few years is now having a detrimental effect on the US economy, such that it is inhibiting the Fed's ability to raise rates; political and economic risks such as Brexit are not priced in; and the prevalence of negative bond yields in the developed world is also a powerful incentive to seek more attractive returns elsewhere, and potentially for lower risk.

The long-term Emerging Markets convergence trends are intact, and there is demonstrable absolute and relative value across the asset classes. As the headwinds of the past few years abate, and possibly even become tailwinds for Emerging Markets, sentiment is improving and allocations are likely to increase as global allocators move from the QE-inspired momentum trades, such as long US dollar and short European bonds, into value trades including Emerging Markets. Ashmore's proven expertise in delivering active, specialist investment management across the range of complex asset classes positions it well to benefit from this favourable outlook.

Consistent processes

for outperformance

Sri Lankan stilt fishing
Fisherman on the south coast of Sri Lanka employ this method to catch reef fish. Traditionally, poles, as well as the knowledge, would be handed down from father to son.

Consistent processes deliver long-term outperformance

The recent market volatility has provided significant opportunities for Ashmore's investment processes to embed value into portfolios. Rigorous fundamental analysis, active fund management and a deep understanding of market liquidity underpin the ability to identify sources of long-term value in challenging market conditions. The consistent application of the Group's investment processes in this cycle has continued the pattern of delivering long-term outperformance across a range of Emerging Markets investment themes.

In late 2014, a lower oil price and weak currency resulted in a sharp sell-off in Russian US dollar-denominated sovereign bonds. Ashmore's fixed income Investment Committee considered the government's credit worthiness to be largely unimpaired by the correlated movements in the oil price and the currency, and its willingness to repay also strong. Risk was therefore added to portfolios, a process that continued after several country visits by portfolio managers and in the light of the decisive action taken by the Russian central bank in raising rates in December 2014. Consequently, bond prices recovered as the country's economic and political fundamentals reasserted themselves. After delivering meaningful outperformance over this cycle, the Investment Committee decided to take profits as the bonds approached its assessment of fair value, with spreads having tightened to 300bps over US Treasuries from a wide of more than 700bps.

Business model continues to deliver high profitability in a challenging environment

Ashmore's operating performance for the year reflects a 22% lower average AuM level compared with the prior year, a 7% reduction in total operating costs excluding consolidated funds and, therefore, a 26% decline in adjusted EBITDA compared with the prior year. The adjusted EBITDA margin has been maintained at a high level of 62%.

On a statutory basis, the positive effects of foreign exchange translation and mark-to-market returns on seed capital mean that profit before tax is 8% lower than the prior year at £167.5 million (FY2014/15: £181.3 million).

Assets under management

AuM declined by 11% over the year from US$58.9 billion to US$52.6 billion, through gross subscriptions of US$7.6 billion (FY2014/15: US$9.2 billion), gross redemptions of US$15.1 billion (FY2014/15: US$18.7 billion) and positive investment performance of US$1.2 billion (US$6.0 billion negative). Average assets under management declined by 22% versus the prior year, reflecting periods of pronounced market weakness and higher net outflows that occurred in the first half of the financial year.

Gross subscriptions represent 13% of opening AuM (FY2014/15: 12%) and gross redemptions represent 26% (FY2014/15: 25%). Both subscriptions and redemptions improved during the course of the year, as sentiment towards Emerging Markets started to recover after a prolonged period of weakness, and asset class returns improved.

Institutional subscriptions were diverse, by client type and location, and included incremental allocations by existing clients as well as new client mandates. Similarly, there was no particular pattern to institutional redemptions, although there was elevated activity by government-related clients in the first quarter of the financial year linked to the lower oil price, and redemptions in the local currency theme reflect the strength of the US dollar in recent years and notwithstanding good relative performance in this theme.

There were net inflows from retail clients through intermediary channels in the US and Europe, which partially offset expected redemptions from Japanese retail funds in the period. Japanese retail funds now account for just US$0.7 billion of Group AuM.

AuM as invested

The charts on page 26 show AuM 'as invested' by underlying asset class, which adjusts from 'by mandate' to take account of the allocation into the underlying asset class of the multi-asset and blended debt themes; and of crossover investment from within certain external debt funds.

The Group's AuM by investment destination is diversified geographically and consistent with the prior year, with 36% in Latin America, 25% in Asia Pacific, 13% in the Middle East and Africa, and 26% in Eastern Europe.

Investor profile

The Group's client base is predominantly institutional in nature, with 90% (30 June 2015: 91%) of AuM from such clients. Ashmore has established direct, long-term relationships with its institutional clients, the most significant categories of which are government-related entities (such as central banks, sovereign wealth funds and pension schemes) and private and public pension plans, together accounting for 70% of AuM (30 June 2015: 70%). AuM sourced through intermediaries, which provide the

Summary non-GAAP financial performance

The table below reclassifies items relating to seed capital and the translation of non-Sterling balance sheet positions to aid clarity and comprehension of the Group's operating performance, and to provide a more meaningful comparison with the prior year. For the purposes of presenting 'Adjusted' profits, operating expenses have been adjusted for the variable compensation on foreign exchange translation gains and losses.

£m	FY2015/16 Statutory	Reclassification of: Seed capital-related items	Reclassification of: Foreign exchange translation	FY2015/16 Adjusted	FY2014/15 Adjusted
Net revenue	**232.5**	–	(21.0)	**211.5**	264.8
Investment securities	**(5.7)**	5.7	–	–	–
Third-party interests	**3.4**	(3.4)	–	–	–
Operating expenses	**(87.2)**	2.4	4.2	**(80.6)**	(88.1)
EBITDA	**143.0**	4.7	(16.8)	**130.9**	176.7
EBITDA margin	***62%***	–	–	***62%***	*67%*
Depreciation and amortisation	**(5.1)**	–	–	**(5.1)**	(5.3)
Operating profit	**137.9**	4.7	(16.8)	**125.8**	171.4
Net finance income/expense	**31.3**	(9.8)	(19.5)	**2.0**	1.7
Associates and joint ventures	**(1.7)**	–	–	**(1.7)**	(1.6)
Seed capital-related items	–	5.1	–	**5.1**	(0.4)
Profit before tax excluding FX translation	**167.5**	–	**(36.3)**	**131.2**	171.1
Foreign exchange translation	–	–	**36.3**	**36.3**	10.2
Profit before tax	**167.5**	–	–	**167.5**	181.3

AuM movements by investment theme

The AuM by theme as classified by mandate is shown in the table below. Reclassifications typically occur when a fund's investment objectives, investment guidelines or performance benchmark change such that its characteristics cause it to be included in a different theme.

Theme	AuM 30 June 2015 US$bn	Performance US$bn	Gross subscriptions US$bn	Gross redemptions US$bn	Net flows US$bn	Reclassifications US$bn	**AuM 30 June 2016 US$bn**
External debt	12.0	0.9	1.0	(2.7)	(1.7)	0.5	**11.7**
Local currency	15.2	0.2	2.0	(4.1)	(2.1)	–	**13.3**
Corporate debt	7.2	(0.1)	1.1	(2.5)	(1.4)	(0.7)	**5.0**
Blended debt	15.7	0.7	0.9	(3.8)	(2.9)	0.2	**13.7**
Equities	3.8	(0.5)	0.6	(0.8)	(0.2)	–	**3.1**
Alternatives	0.8	0.1	0.8	(0.2)	0.6	–	**1.5**
Multi-asset	1.6	–	0.2	(0.6)	(0.4)	–	**1.2**
Overlay/liquidity	2.6	(0.1)	1.0	(0.4)	0.6	–	**3.1**
Total	**58.9**	**1.2**	**7.6**	**(15.1)**	**(7.5)**	–	**52.6**

Group with access to retail markets, amounts to 10% of the Group total (30 June 2015: 9%). Ongoing success in delivering flows to the US and European retail platforms partially offset the expected redemptions from Japanese retail funds.

Segregated accounts represent 70% of AuM (30 June 2015: 69%). The trend in demand for segregated accounts is well established and the Group expects this to continue as it reflects ongoing factors such as regulatory obligations, bespoke reporting requirements, and the application of specific investment guidelines.

Financial review

Revenues

Net revenue declined 18% from £283.3 million to £232.5 million as a result of lower net management fees commensurate with reduced average assets under management compared with the prior year. A higher contribution from foreign exchange translation balanced slightly lower performance fees.

Management fee income net of distribution costs declined 21% to £195.9 million (FY2014/15: £247.3 million), broadly in line with the 22% fall in average AuM. The average translation benefit of a stronger US dollar against Sterling offset the reduction in the net management fee margin to 55bps (FY2014/15: 59bps).

The movement in the margin has been influenced by two non-recurring factors, which together represent 1.5bps of the year-on-year decline: as previously described, in the prior year there was the release of an accrual relating to an equities distribution agreement; and in the financial year, the margin was adversely affected by fee rebates relating to prior years. The underlying reduction therefore is approximately two to three basis points, the majority of which is explained by changes in investment theme mix such as a higher proportion of average AuM in the external debt, local currency and overlay/liquidity themes. The margin will continue to be influenced by factors such as theme and product mix, competition, and long-term development of asset class returns.

Performance fees of £10.4 million (FY2014/15: £13.3 million) were generated in the period, mostly through the realisation of fees on investments in the alternatives theme. At 30 June 2016, 14% of the Group's AuM was eligible to earn performance fees (30 June 2015: 13%), of which a significant proportion is subject to rebate agreements.

Translation of the Group's non-Sterling assets and liabilities at the period end result in a foreign exchange gain of £21.0 million (FY2014/15: £18.5 million), reflecting US dollar strength against Sterling. The Group recognised net realised and unrealised hedging gains of £1.1 million (FY2014/15: £0.4 million loss).

Fee income and net management fee margin by investment theme

The table below summarises net management fee income after distribution costs, performance fee income, and average net management fee margin by investment theme, determined with reference to weighted average assets under management.

Theme	**Net management fees FY2015/16 £m**	Net management fees FY2014/15 £m	**Performance fees FY2015/16 £m**	Performance fees FY2014/15 £m	**Net management fee margin FY2015/16 bps**	Net management fee margin FY2014/15 bps
External debt	**37.0**	45.8	**1.5**	6.8	**49**	56
Local currency	**40.5**	46.6	**0.1**	0.3	**45**	45
Corporate debt	**21.9**	30.9	**0.2**	0.1	**61**	65
Blended debt	**52.3**	63.6	**0.1**	0.1	**54**	54
Equities	**22.3**	32.2	**–**	0.3	**104**	105
Alternatives	**10.9**	12.6	**8.5**	4.8	**141**	165
Multi-asset	**7.8**	12.5	**–**	0.9	**94**	95
Overlay/liquidity	**3.2**	3.1	**–**	–	**16**	17
Total	**195.9**	**247.3**	**10.4**	**13.3**	**55**	**59**

Operating costs

The Group continues to exercise cost discipline, resulting in a 7% decline in total operating costs from £99.5 million to £92.3 million. Excluding variable compensation, operating costs were 1% lower at £56.7 million (FY2014/15: £57.1 million).

Average headcount fell 5% from 293 to 277 employees principally through natural staff turnover and the Group's headcount at 30 June 2016 was 266 employees (30 June 2015: 285 employees). Fixed staff costs of £24.1 million were 3% lower than in the prior year (FY2014/15: £24.8 million), reflecting the lower average headcount and the mix of employee turnover in the period, with a net reduction in support roles and additional employees in local asset management businesses.

Other operating costs, excluding depreciation and amortisation, increased slightly to £27.5 million (FY2014/15: £27.0 million), reflecting non-recurring professional fees. Excluding these, operating costs would have fallen modestly as the Group continues to focus on controlling discretionary expenditure such as travel and the costs of third-party services.

The charge for variable compensation was £35.6 million, a decrease of 16% on the prior year (FY2014/15: £42.4 million), and representing 20% of earnings before variable compensation, interest and tax and excluding seed capital-related items (FY2014/15: 18.5%).

EBITDA

EBITDA for the period was £143.0 million (FY2014/15: £186.3 million). On an adjusted basis, reclassifying the effects of seed capital investments and foreign exchange translation, EBITDA was 26% lower at £130.9 million (FY2014/15: £176.7 million).

The EBITDA margin for the financial year was 62% (FY2014/15: 66%). On an adjusted basis, the EBITDA margin was 62% (FY2014/15: 67%).

Finance income

Net finance income of £31.3 million for the period (FY2014/15: £1.9 million) includes items relating to seed capital investments, which are described in more detail below. Excluding these items, net interest income for the year was £2.0 million (FY2014/15: £1.7 million).

Taxation

The majority of the Group's profit is subject to UK taxation; of the total current tax charge for the year of £38.8 million (FY2014/15: £41.3 million), £32.1 million (FY2014/15: £36.4 million) relates to UK corporation tax.

There is a £14.3 million net deferred tax asset on the Group's balance sheet as at 30 June 2016 (30 June 2015: £16.8 million), which arises principally as a result of timing differences in the recognition of the accounting expense and actual tax deduction in connection with (i) share-based payments, and (ii) goodwill and intangibles arising on the acquisition of Ashmore's equity business.

The Group's effective current tax rate for the year is 23.2% (FY2014/15: 22.8%), which is higher than the blended UK corporation tax rate of 20.0% (FY2014/15: 20.75%). Note 12 to the financial statements provides a full reconciliation of this deviation from the blended UK corporate tax rate.

Balance sheet, cash flow and foreign exchange

It is the Group's policy to maintain a strong balance sheet in order to support regulatory capital requirements, to meet the commercial demands of current and prospective clients, and to fulfil development needs across the business. These include funding establishment costs of distribution offices and local asset management ventures, seeding new funds, trading or investing in funds or other assets, and other strategic initiatives.

As at 30 June 2016, total equity attributable to shareholders of the parent was £676.7 million (30 June 2015: £656.1 million). There is no debt on the Group's balance sheet.

Cash

Ashmore's business model delivers a high conversion rate of operating profits to cash. From operating profit of £137.9 million for the period (FY2014/15: £181.0 million), the Group generated cash of £151.2 million before working capital changes (FY2014/15: £215.2 million) and £125.2 million of cash from operations (FY2014/15: £190.4 million).

Cash and cash equivalents by currency

	30 June 2016 £m	30 June 2015 £m
Sterling	**212.6**	205.0
US dollar	**123.2**	152.7
Other	**28.2**	23.1
Total	**364.0**	380.8

Seed capital investments

As at 30 June 2016, the amount invested in seed capital was £207.4 million at cost, with a market value of £238.5 million (30 June 2015: £213.3 million at cost; £207.0 million market value). The 'at cost' investment represents 35% of Group net tangible equity (30 June 2015: 37%) and the majority of the Group's seed capital is held in liquid funds, such as daily-dealing SICAVs or US 40-Act mutual funds.

Seed capital by currency

	30 June 2016 £m	30 June 2015 £m
US dollar	**189.2**	150.1
Indonesian rupiah	**33.9**	36.5
Brazilian real	**–**	7.0
Other	**15.4**	13.4
Total market value	**238.5**	207.0

The Group manages its seed capital positions actively. During the year it made new investments of £53.9 million, realised £60.9 million from previous investments, and made additional commitments of approximately £30 million, which were substantially undrawn at the year end. Market movements during the year added £38.5 million to the value of seed capital.

After a significant market recovery in the second half of the financial year and beneficial currency movements against Sterling at the financial year end, seed capital activity resulted in a profit before tax of £24.6 million (FY2014/15: £5.3 million loss), most of which was based on mark-to-market values and therefore unrealised at the year end.

The consolidation of funds in which the Group's seeding leads to a controlling interest resulted in a pre tax profit contribution of £nil (FY2014/15: £0.2 million loss). This comprises losses on investment securities of £5.7 million (FY2014/15: £3.6 million loss), change in third-party interests gain of £3.4 million (FY2014/15: £0.8 million gain), operating expenses of £2.4 million (FY2014/15: £2.7 million) and net finance income of £4.7 million (FY2014/15: £5.3 million).

The financial effects of seed capital held in other funds are reported as finance income or expense, and include a positive investment return of £5.1 million (FY2014/15: £0.2 million negative return) and a £19.5 million foreign exchange gain (FY2014/15: £4.9 million loss) arising on the translation of non-Sterling denominated seed capital positions, and principally those denominated in US dollar and Indonesian rupiah. Note 20 to the financial statements provides more details on the movements in seed capital items during the financial year.

Own shares held

The Group purchases and holds shares through an Employee Benefit Trust (EBT) in anticipation of the exercise of outstanding share options and the vesting of share awards. At 30 June 2016, the EBT owned 41,173,968 (30 June 2015: 37,889,347) ordinary shares, more than sufficient to cover employee share awards made to date.

Goodwill and intangible assets

At 30 June 2016, goodwill and intangible assets on the Group's balance sheet totalled £82.5 million (30 June 2015: £74.1 million) with the increase attributable to an amortisation charge of £3.9 million (FY2014/15: £4.0 million) and a foreign exchange revaluation gain through reserves of £12.3 million (FY2014/15: £5.9 million).

Foreign exchange

The majority of the Group's fee income is received in US dollars and it is the Group's established policy to hedge up to two-thirds of the notional value of up to two years' budgeted foreign currency-denominated net management fees, using either forward or option foreign exchange contracts. The Group's Foreign Exchange Management Committee determines the proportion of budgeted fee income to hedge by regular reference to expected non-US dollar, and principally Sterling, cash requirements. The hedging contracts effectively create a corridor outside of which the proportion of fee income is protected from movements in the GBP:USD exchange rate. When the contracts expire, either they deliver Sterling or the Group can sell the notional amount of US dollars for Sterling at the prevailing spot rate. The proportion of fee income received in foreign currency and not subject to hedging is held as cash or cash equivalents in the foreign currency and marked to market at the period end exchange rate.

Translation of the Group's non-Sterling denominated balance sheet resulted in a foreign exchange translation gain of £21.0 million, principally as a result of the strength of the US dollar against Sterling. The Group sold US$225 million of its US dollar cash holdings as the exchange rate moved in its favour during the year. Net realised and unrealised hedging gains of £1.1 million (FY2014/15: £0.4 million loss) were recognised for the period.

Regulatory capital

As a UK listed asset management group, Ashmore is subject to regulatory supervision by the Financial Conduct Authority (FCA) under the Prudential Sourcebook for Banks, Building Societies and Investment Firms. At the year end, the Group had two UK-regulated entities: Ashmore Investment Management Limited (AIML), and Ashmore Investment Advisors Limited (AIAL), on behalf of which half-yearly capital adequacy returns are filed. Both AIML and AIAL held excess capital resources relative to their requirements at all times during the period under review.

Since 1 January 2007, the Group has been subject to consolidated regulatory capital requirements, whereby the Board is required to assess the degree of risk across the Group's business, and is required to hold sufficient capital against these requirements.

The Board has assessed the amount of Pillar II capital required to cover such risks as £99.9 million (30 June 2015: £94.4 million). The net increase of £5.5 million compared with the prior year is a function of additional capital requirements for undrawn illiquid seed capital commitments, offset by lower market and operational risk charges. The Group has total capital resources of £590.8 million, giving a solvency ratio of 491%. Therefore the Board is satisfied that the Group is adequately capitalised.

Dividend

The Board intends to pay a progressive ordinary dividend over time, taking into consideration factors such as prospects for the Group's earnings, demands on the Group's financial resources, and the markets in which the Group operates.

In recognition of Ashmore's operating and financial performance during the period, its balance sheet strength, and the Board's confidence in the Group's future prospects, the Directors are recommending a final dividend of 12.1 pence per share for the year ending 30 June 2016, which, subject to shareholder approval, will be paid on 2 December 2016 to those shareholders who are on the register on 4 November 2016.

Tom Shippey
Group Finance Director

5 September 2016

Consistent procedures

to manage risk

Xiangqi
Xiangqi is a traditional strategy board game that portrays a battle between two armies. It has been played in China and by Chinese diaspora for centuries.

Managing ESG risk in fixed income

Unlike in equities where there is the opportunity to vote and to influence activity as an owner of the company, engagement with fixed income issuers on ESG topics has typically been limited. However, this does not preclude the consideration of ESG factors when making an investment decision, and Ashmore has developed a quantitative risk scoring process to ensure these factors are considered by the Investment Committee.

Ashmore constructs a risk template for each country that takes into consideration economic risks ('ability to pay') and environmental, social and governance risks ('willingness to pay'). Factors such as sanctions also contribute to the analysis. A score is determined for the country, which is reviewed quarterly by the investment team or more frequently when the country is the subject of additional investment research.

The risk score is an input to the weekly fixed income Investment Committee process. While this is not a model-driven process it does use quantitative inputs in order to ensure that ESG factors are reflected in fair value bond spreads, and therefore to assess whether there is an investment opportunity given prevailing yields.

Identifying and managing risks

The Group seeks to identify, quantify, monitor and manage effectively each of the risks present in its activities.

The Group's three-phase strategy is designed to deliver long-term growth to shareholders by capitalising on the powerful economic, political and social convergence trends evident across the Emerging Markets.

More information
Read about Ashmore's strategy on pages **6-7**

The Group executes its strategy using a distinctive business model, and seeks to identify, quantify, monitor and manage the principal risks inherent in this business model.

More information
Read about Ashmore's business model on pages **8-9**

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

More information
Read Ashmore's governance report on pages **46-48**

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

More information
Read about Ashmore's principal risks on pages **36-37**

RISK MANAGEMENT STRUCTURE

Ashmore Group plc Board
Ultimately responsible for the Group's risk management and internal control systems, and for reviewing their effectiveness

Group Risk and Compliance Committee (RCC)
Maintains a sound risk management and internal control environment

Assesses the impact of the Group's activities on its regulatory and operational exposures

Chairman:
Group Head of Risk Management and Control

Members:
- Chief Executive Officer
- Group Finance Director
- Group Head of Compliance
- Group Head of Legal and Transaction Management
- Group Head of Middle Office and Technology
- Group Head of Human Resources
- Group Head of Finance
- Group Head of Distribution
- Group Head of Internal Audit

Risk management and internal control systems

In accordance with the principles of the 2014 version of the UK Corporate Governance 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 principal risks, and has been in place for the year under review and up to the date of approval of the annual report and accounts. The process is regularly reviewed by the Group's Audit and Risk Committee (ARC) and accords with the guidance in the document 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' (the Guidance) published by the Financial Reporting Council in September 2014.

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

The Group's Risk and Compliance Committee (RCC), which meets monthly, is responsible for maintaining a sound risk management and internal control environment and for assessing the impact of the Group's ongoing activities on its regulatory and operational exposures. The RCC is chaired by the Group Head of Risk Management and Control, and the other members are the Chief Executive, the Group Finance Director, the Group Head of Compliance, the Group Head of Finance, the Group Head of Middle Office and Technology, the Group Head of Legal and Transaction Management, the Group Head of Distribution, the Group Head of Internal Audit, and the Group Head of Human Resources. Responsibility for risk identification is shared amongst these senior management personnel, with each such individual being responsible for day-to-day control of risk in their business area.

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

The ARC receives regular 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, as well as regular compliance reports.

Three lines of defence

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

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.
Second: Risk control	This is provided by Group Risk, which includes investment risk; and Compliance, which includes the compliance monitoring programme.
Third: Independent assurance	Group Internal Audit is the third line of defence and provides retrospective, independent assurance over agreed risk management, internal control and governance processes as well as recommendations to improve the effectiveness of these processes.

The main features of the Group's risk management and internal control systems are as follows:

Policies

- core values and policies together comprising the Group's high-level principles and controls, with which all staff are expected to comply;
- manuals of policies and procedures, applicable to all business units, with procedures for reporting weaknesses and for monitoring corrective action;
- a code of business conduct, with procedures for reporting compliance therewith; and
- a defined operational framework and organisational structure with appropriate delegation of authority and segregation of duties with accountability that has regard to acceptable levels of risk.

Processes

- a planning framework is maintained, which incorporates a Board approved strategy, with objectives for each business unit;
- a risk appetite framework developed by engaging key stakeholders at the functional, business and executive levels of the organisation and accordingly, the Group's risk appetite statement (and its associated components) is regularly reviewed and updated in line with the evolving strategy, business model, financial capacity, business opportunities, regulatory constraints and other internal and external factors;
- an established Media and Reputation Management Policy focusing on understanding the information that is currently publicly available on the Group and the funds and individual investments it manages, especially that which could create negative reputational issues;
- an annual budget is reviewed and approved by the Board and is subject to update through a forecasting process;
- regular reviews of the financial and operating performance of the Group are undertaken by the Group's Operating Committee to focus on delivery of the Group's key strategic objectives;

- detailed investment reports are prepared and discussed at each of the sub-committee meetings of the Group's Investment Committees, which take place weekly or monthly depending on investment theme, with follow up actions agreed and implemented within a strict operational framework;
- supervision by the Group's Pricing and Oversight Committee (POC) of 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;
- oversight of the valuation methodologies used for clients' fund investments that cannot be readily externally priced is the responsibility of the Group's Pricing Methodology and Valuation Committee (PMVC) and Public Equity Valuation Committee (PEVC), which meet monthly and quarterly respectively to review the current valuation methodology for each of these investments and to propose an updated valuation methodology where appropriate;
- semi-annual senior management systems and controls meetings chaired by the Group Head of Compliance are held with attendees including the Group Finance Director, the Group Head of Human Resources, the Group Head of Risk Management and Control, the Group Head of Middle Office and Technology, and the Group Head of Legal and Transaction Management and in which the Chief Executive Officer participates at least annually. These meetings include evaluation of the potential impact and likelihood of identified risks and possible new risk areas;
- the Group Compliance function, whose responsibilities and processes include: ensuring that the Group at all times meets its regulatory obligations; integrating regulatory compliance procedures and best practices within the Group; ongoing compliance monitoring programme covering all the relevant areas of the Group's operations; and identifying any breach of compliance with applicable financial services regulation, which includes real-time investment restrictions monitoring of client mandate requirements. Results of the compliance monitoring programme are reported to the RCC in support of the overall risk management and internal control framework;
- a matrix of principal risks identifies key strategic and business, client, treasury, investment and operational risks, and considers the likelihood of those risks crystallising and the resultant impact. The inherent risk within each business activity is identified, with the adequacy and mitigating effect of existing processes being assessed to determine a current residual risk level for each such activity;
- on the basis that further mitigants and/or controls may be employed over time, a target residual risk for each activity after one to two years is defined and progress to target is formally tracked;
- key risk indicator (KRI) statistics are reported to and analysed by the RCC. The KRIs indicate trends in the Group's risk profile, assist in the reduction of errors and potential financial losses and seek to prevent exposure by dealing with a potential risk situation before an event actually occurs;
- financial controls are maintained to ensure accurate accounting for transactions, appropriate authorisation limits to contain exposures, and reliability of data processing and integrity of information generated;
- the Group's Finance function is responsible for the preparation of the financial statements and is managed by appropriately qualified accountants. The review of this preparation is undertaken by numerous parties including Executive Directors and includes challenge by the Board. The Finance function works in conjunction with the Group's auditors and other external advisers to ensure compliance with applicable accounting and reporting standards, prevailing regulations and industry best practice;

LONGER-TERM VIABILITY STATEMENT

In accordance with the provisions of C.2.2 of the UK Corporate Governance Code, the Directors have assessed the current position and prospects of the Group over a three year period to June 2019, which is consistent with the planning horizon under the Group's Internal Capital Adequacy Assessment Process (ICAAP). A robust assessment of the principal risks implicit in the business model has been made, alongside the controls and mitigants in operation within the Group, and is presented in more detail on pages 36-37. The principal risks the Group faces are Strategic, Client, Treasury, Investment and Operational in nature.

Regular information is reviewed by the Board in respect of the risks, prospects and financial planning of the Group, which includes a three year detailed financial forecast alongside scenario-based downside stress-testing, including the impact of negative investment performance and a decline in AuM. Consequently, the Board regularly assesses the amount of capital that the Group is required to hold to cover its principal risks, including the amounts required under a range of adverse planning scenarios.

The Group's strategy and prospects are regularly reviewed by the Board and qualitative and quantitative assessments of the principal risks are presented to the Group's Audit and Risk Committee quarterly. The Group's Risk Appetite Statement is considered as part of the ICAAP and the Board receives regular management reporting against each risk to allow it to assess the effectiveness of the controls in place.

The Directors have a reasonable expectation that the Group will be able to continue in operation, and meet its liabilities as they fall due and maintain sufficient regulatory capital over the next three years, as the Group is currently highly profitable, generates healthy cashflow and the strong and liquid balance sheet is sufficient to withstand the financial impact of the range of adverse planning scenarios modelled as part of the ICAAP.

- Board members receive monthly management information including accounts and other relevant reports, which highlight actual financial performance against budget/forecast and the prior year period;
- there are well-defined procedures and thresholds governing the appraisal and approval of corporate investments, including seeding of funds and purchase of own shares, with detailed investment and divestment approval procedures, incorporating appropriate levels of authority and regular post-investment reviews;
- oversight and management of the Group's foreign currency cash flows and balance sheet exposures are the responsibility of the FX Management Committee, which determines the appropriate level of hedging required;
- the Group has secure information and communication systems capable of capturing relevant and up to date information by relevant personnel, with oversight and direction provided by the Group's IT Steering Group, which implements the IT strategy, and establishment and oversight of all IT projects;
- the development of new products, consideration of material changes to existing funds, and the restructuring of funds and products is the responsibility of the Product Committee and forms an important part of the Group's business in responding to clients' needs, changes in the financial markets and treating customers fairly; and
- a Global Investment Performance Standards (GIPS) Committee, which 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.

Verification

- Internal Audit has ongoing responsibility for reviewing the assurance map and providing an independent assessment of assurance on an annual basis. The assurance map documents the interaction from a group perspective of the first, second and third lines of defence with regard to the controls and mitigants of those principal risks assessed as high risk;
- annual control reports are reviewed independently by the Group's external auditors pursuant to the International Standards on Assurance Engagements 3402 (ISAE 3402);
- the external auditors are engaged to express an opinion on the annual financial statements, the condensed set of financial statements in the half yearly financial report and also independently and objectively review the approach of management to reporting operating results and financial resources;
- the Board, through the ARC, also receives half-yearly updates from the Group's external auditors, which include any control matters that have come to their attention; and
- the Internal Audit function undertakes a programme of reviews of systems, processes and procedures as agreed with the ARC, reporting the results together with its advice and recommendations, and assisting in the presentation of its findings to the ARC.

Confirmation

Through the ARC, the Board has conducted an annual review and assessment of the effectiveness of the risk management and internal control systems, and has identified no significant failings or weaknesses during this review. In conducting this review, the Board and/or ARC has considered the periodic reports on compliance and risk matters, including reports provided by the internal audit function, and the annual report on risk management and internal control processes from the Group's RCC. These reports were received throughout the year up to the latest practicable date prior to the approval of the annual report and accounts. The Board is satisfied that appropriate planned actions continue to be effective in improving controls as the Group develops, and its overall assessment of the control framework continues to be satisfactory.

Ashmore has interests in certain joint ventures/associates, which operate risk management and internal control systems that are not dealt with as part of the Group for the purposes of this statement. These are:

- Ashmore CCSC Fund Management Company Limited
- Everbright Ashmore Investment Management Limited
- VTB-Ashmore Capital Holdings Limited
- AA Development Capital Investment Managers (Mauritius) LLC

For these entities, the Group has in place appropriate oversight including Board representation.

Principal risks and mitigants

The Group's principal risks that are most relevant to the implementation of its strategy and business model are listed in the table below, together with controls and mitigants. Reputational and conduct risks are common to most aspects of the strategy and business model.

Principal risks and their delegated owners, controls and mitigation

Principal risks	Controls and mitigation include
Strategic and business risks (Delegated owner: Ashmore Group plc Board) The medium and long-term profitability and/or reputation of the Group could be adversely impacted by the failure either to identify and implement the correct strategy, or to react appropriately to changes in the business environment.	
– Long-term downturn in Emerging Markets fundamentals/technicals/sentiment – Market capacity issues and increased competition constrain growth – Appropriate communication with, and effective management of, existing and potential shareholders of Ashmore Group plc	– Experienced Emerging Markets investment professionals participate in Investment Committees. Frequent and regular Board updates – Diversification of investment capabilities – Group strategy is approved by a Board with relevant industry experience – Regular capacity reviews – Dedicated investor relations position that reports to the Group Finance Director and Board – Group Media policies and list of approved spokespeople
Client risks (Delegated owners: Distribution and Group Risk and Compliance Committee) Ineffective management of existing and potential investor base, including assessing client suitability, may lead to inefficient marketing and distribution capabilities and/or loss of investor confidence. Inadequate client oversight including a breach of client confidentiality, lack of support and Treating Customers Fairly (TCF) may result in financial and regulatory sanctions and/or damage to the Group's reputation.	
– Appropriate marketing strategy that includes effective management of potential and existing fund investor base – Adequate client oversight including alignment of interests	– Product Committee meets frequently and regularly to review product suitability and appropriateness – Experienced Distribution team with appropriate geographic coverage – Investor education to ensure understanding of Ashmore investment themes and products – 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 (Delegated owners: Chief Executive Officer and Group Finance Director) The Group's financial performance or position may be impacted if management does not appropriately mitigate balance sheet risks or exposures.	
– Financial projections and hedging of future cash flows and balance sheet, as well as adequate liquidity and regulatory capital provision for Group and subsidiaries	– FX hedging policy and regular FX Management Committee meetings – Group liquidity policy. Cash flows are monitored and reviewed regularly – Seed capital is subject to strict monitoring by the Board within a framework of set limits including diversification

Principal risks	Controls and mitigation include

Investment risks (Delegated owner: Group Investment Committees)

The failure to deliver long-term investment performance may damage the prospects for winning and retaining clients, putting average management fee margins under pressure. Market liquidity provided by counterparties that the Group and its funds rely on may reduce.

Principal risks	Controls and mitigation include
– Manager non-performance including i) ineffective leverage, cash and liquidity management and similar portfolios being managed inconsistently; ii) neglect of duty, market abuse; iii) inappropriate oversight of special purpose vehicles (SPVs) and related legal structures and compliance with law and regulations; iv) inappropriate oversight of market, liquidity, credit, counterparty and operational risks; v) insufficient number of trading counterparties; and vi) breaching investment guidelines or restrictions – Downturn in long-term performance	– Funds in the same investment theme are managed by consistent investment management teams, and allocations approved by Investment Committees – Policies in place to cover conflicts, best execution and market abuse factors, such as insider trading – Tools to manage liquidity issues as a result of redemptions include restrictions on illiquid exposures, swing pricing and ability to use in specie redemptions – Consistent investment philosophy with dedicated Emerging Markets focus including country visits and network of local Emerging Markets offices – *Group trading counterparty policy and regular counterparty reviews* – Frequent and regular reviews of market, liquidity and credit risk – Legal team and use of external counsel to ensure appropriate documents are in place – Investment decisions are subject to pre-trade compliance

Operational risks (Delegated owner: Group Risk and Compliance Committee)

These risks are broad in nature and inherent in most business processes. They include the risk that operational flaws result from a lack of resources or planning, error or fraud, weaknesses in systems and controls, or incorrect accounting or tax treatment.

Principal risks	Controls and mitigation include
– Security of information – Business continuity planning (BCP) covering people, buildings and systems – Accuracy and integrity of data including i) manual processes/ reporting; and ii) transactions, static data and prices – Pre- and post-trade booking and settlements – Development of IT infrastructure to support business and product growth; failure or corruption of key IT system – Maintaining approved counterparties with regard to execution venues, legal documents, mandate restrictions, trading limits – Legal action, fraud or breach of contract perpetrated against the Group, funds or investments – Level of resources, which includes loss of key staff, or inability to attract staff constrains growth – Lack of understanding and compliance with global and local regulatory requirements, as well as conflicts of interest and treating customers fairly; and financial crime, which includes money laundering, bribery and corruption leading to high level publicity or regulatory sanction – Inappropriate accounting and/or tax practices lead to sanction – Oversight of Ashmore overseas entities – Mismanagement of or ineffective core services provided by third parties – Management, oversight and documentation of new and existing funds	– Information security and data protection policies – BCP working group – Pricing Oversight Committee – All trades are required to be booked into front office trading/ accounting systems – Appropriate IT policies and procedures in place – Approved counterparty list – Independent Internal Audit department – Financial crime policy, which also covers service providers – Committee-based investment processes reduce key man risk – Resources regularly reviewed and updates provided to the Board – Appropriate remuneration policy and succession plan in place – Insurance policies in place to ensure appropriate coverage of aspects of litigation – Compliance policies in place and adopted by overseas offices. Adherence to regulatory requirements is closely managed through compliance monitoring programmes – Conflicts of interest policy and procedures in place. Conflicts of interest officer reports to the Board regularly – Anti-bribery and corruption procedures issued and adopted to investee companies where Ashmore has a controlling stake – Group accounting policies reviewed by Group Finance Director, Head of Finance and external auditor; signed off by external auditor and ARC – External auditor conducts interim review and annual audit – Group tax policy and dedicated in-house tax specialist – External tax advice sought where appropriate – Operating Committee has oversight of the global operating model. Local office functions report into local management and Group department heads – Due diligence on all new third parties, and regular meetings/reviews of third-party service providers – Frequent and regular product committee meetings

Combining ethical investing with sound business practice

Ashmore recognises the importance of Corporate Social Responsibility (CSR) incorporating transparency, fairness, accountability and integrity and believes that these principles are fundamental to the Group's operations.

The Group continues to monitor best practice developments in all relevant areas of CSR, including its approach to investing, community programmes, employees, and environmental management. Ashmore's CSR programme and initiatives are designed to be relevant to the nature and scale of its business and to protect and reinforce the Group's reputation and integrity. Ashmore intends to build upon these firm foundations for the future.

Consistent with the various philosophies explained herein, Ashmore is a signatory of the UN Principles for Responsible Investment (UNPRI).

Investment approach

Ashmore's Investment Committees' processes ensure a consistent approach to all investments within its clients' portfolios. Ashmore's experience in managing investments within the Emerging Markets has enabled it to experience first-hand the advantages of qualitatively evaluating environmental, social and governance factors and incorporating them within its portfolios.

Ashmore believes that there are many potential asset classes in emerging countries as well as many different risk return profiles which it will be able to offer its clients in the future. As capital markets grow rapidly in Emerging Markets Ashmore aims to participate in that growth, enabling access to these markets by both developed world pools of capital and also, increasingly, by Emerging Markets pools of capital.

Business conduct and integrity

Ashmore believes that its reputation as an ethical, trustworthy provider of investment services is essential to align clients' and shareholders' interests. Ashmore seeks to establish and maintain long-term relationships with its clients and intermediaries and believes this to be a fundamental prerequisite for the growth of its business.

Responsible investing across Ashmore's themes

Socially Responsible Investment (SRI) is a form of investing that screens out investments in certain stocks or industries in line with defined ethical guidelines.

Ashmore aims to ensure that the governance bodies of the investments it makes comply with their own industry standards and best practice, treat their employees fairly, have active community programmes and operate with sensitivity to the environment. Ashmore has made investments in a number of renewable energy projects in different countries including hydro-electricity, geothermal energy and sugar-based ethanol production. Investments have also been made in a Chinese company which manufactures wind turbines with both local and growing global supplies. These investments on behalf of clients reflect Ashmore's overall approach to combining ethical investing with sound business practice.

Amongst the initiatives undertaken in South America is the establishment of an Environmental and Social Management System (ESMS) for the management of investments of an investor fund in Colombia within the alternatives investment theme. This fund has been developed in a form and substance acceptable to the Inter-American Development Bank (IDB) and International Finance Corporation (IFC). In 2014 Ashmore Colombia won the Colombian Association for Private Equity award for best corporate governance, as voted for by investors.

Ashmore's funds and segregated accounts each have a specific investment mandate which sets out the parameters for investment. Within the Equities and Corporate Debt themes, Ashmore is able to screen client portfolios to meet client requirements for geographic, sector and stock specific restrictions. Stock specific restrictions may include securities which meet clients' own criteria.

Examples of investment areas where screening of portfolios can be offered based on (or informed by) client requirements (using recognised investment industry identifiers and coding into Ashmore's portfolio management system) include alcohol, animal / food products, armaments manufacturers or dealers, gambling, pornography and tobacco.

Ashmore seeks to comply at all times with all sanctions imposed by applicable government authorities, and also screens at a geographical level across all investment themes for countries which are on the United Nations and EU/UK Sanctions and the US Office of Foreign Assets and Control (OFAC) lists, for example during the Russia/ Ukraine crisis.

Environmental, Social and Governance (ESG) approach

The evaluation of ESG risk is an integral part of Ashmore's investment processes.

Ashmore integrates ESG factors into fundamental analysis across its liquid investment themes and scores them to the extent they are deemed material to investment returns.

Listed equities

ESG criteria tend to be focused primarily on equity investing because of the influence which shareholder interests are able to exert on the management of a particular company. Ashmore believes that the way in which companies manage ESG factors can have an impact on business performance and valuation, and should be incorporated into investment decisions.

Ashmore's top down allocation model evaluates country metrics relative to history and one year forward. Hence, the risk premium imputed by the market to a given country is captured. Risk premiums incorporate sovereign corporate governance concerns, as for example in Russia where stock valuations are historically amongst the lowest globally due to relatively higher risk premiums. Any changes in risk premiums relative to history are analysed to determine if justified. To make this more explicit Ashmore reviews ESG rankings of countries within its mandate using third party data sources. The scoring and ranking is based on ESG principles as rated by World Bank, US Energy Information Administration, Heritage Foundation and Economist Intelligence Unit. Ashmore also evaluates country exposures weekly at its Investment Committee meetings, and considers country risks in the review channels.

The stakeholders in a company encompass employees, local communities, wider society, governments, supply chains, customers and the natural environment. There are a wide range of ESG issues which could be relevant for a company depending on the industry in which it operates and its specific business profile. ESG issues can become new sources of risk or opportunities for companies, and a company's ability to respond to these issues can therefore act as an early signal of long-term competitiveness. To the extent practicable, Ashmore routinely monitors the ESG performance of the companies in which it invests through on-going company visits and other information channels. In addition, companies often disclose corporate governance practices through corporate policies, stock market listings, and market press releases (for example, Brazil has a separate category for companies committed to corporate governance best practice). Companies may also disclose environmental and social practices in annual reports and other reports to investors. These are then highlighted, as appropriate, in Investment Committee reports.

ESG metrics are used to measure, analyse, and rank securities. Assessments at the stock level tend to be qualitative and based on company public disclosures, interviews and/or company visits which are made to each company held in portfolios. In addition, Ashmore gathers information from market related channels, such as suppliers and clients. These assessments are then factored into the valuation and profitability metrics, which are evaluated relative to history, country and industry comparators.

As a global investor, Ashmore recognises that legislation and best practice standards vary between countries and regions, and that it must remain sensitive to these differences. However, at a minimum, Ashmore expects the companies in which it invests to comply with the national legislation that applies to them.

Fixed income

Ashmore's fixed income themes consist of investments in Corporate and Sovereign Debt issuances. ESG within fixed income is fundamentally a risk management consideration. Within the Emerging Markets fixed income space, the "Governance" aspect of ESG is best reflected in the political landscape. Ashmore's Investment Committee meetings start off with a macro discussion and then move to the individual countries. This review of individual emerging countries starts with a focus on what the likely effects of the external macro factors are on market behaviour and in turn, asset prices. The team analyses and discusses the ability (the financial position of a country) and the willingness (more qualitative focusing on the incentives of the policy-makers in-country) of countries to service their sovereign debt. Ability to pay is analysed looking at classic indicators of credit-worthiness and debt sustainability analysis. This involves analysis of the local fiscal position, currency, interest rates and trade data. Currency and interest rate exposures within individual countries are explicitly evaluated and fundamentals such as growth prospects, balance of payments dynamics, credit-worthiness, the likely effect of commodity price movements, local politics, economic data and local and external investor sentiment are analysed thoroughly.

Willingness to pay is more subjective and can change quickly subject to the vagaries of the political cycle and the political response to economic events. Ashmore places emphasis on the factors that affect a government's willingness to pay and relies on scenario-analysis to determine the risks and opportunities presented by these governments' assets. Finally, the technical factors affecting asset prices in various markets are important considerations leading to investment decisions. Ashmore speaks regularly with appointed policy makers to glean their views on significant events, such as local elections, as well as to try to gauge their bias towards populist agendas which may impact ESG factors.

Ashmore formalises country credit and ESG considerations at least quarterly, in conversations between various members of the Investment team and the Head of Research. In addition, the Investment Committee will consider the assessment for each country on an ad-hoc basis as it discusses country visit reports from portfolio managers returning from research trips, or when discussing significant events such as elections. Therefore, credit and ESG analysis are an integral part of Ashmore's investment process for publicly traded fixed income securities.

Ashmore's quantitative scorecard is a derivation of its Risk models and assesses 10 economic and ESG risk factors for Impact (low, moderate, high, or 1, 2, 3) and Probability (low, moderate, high or 1, 2, 3). The score of each factor would be Impact x Probability, with six possible outcomes: 1, 2, 3, 4, 6, 9. Adding the scores of all ten factors gives a country risk score that incorporates both credit risk and ESG risk. The theoretical minimum and maximum risk scores are thus 10 and 90 respectively, while the median is 30 and the average is 40. These metrics are reviewed against yields and spreads to determine if an appropriate risk premium has been built into Ashmore's scenario analyses.

Within Emerging Markets fixed income segregated accounts, Ashmore also offers clients the flexibility to implement their ESG constraints related to specific countries, sectors and securities (for example, restricted lists, concentration limits etc.).

Alternatives

Ashmore's Alternatives investment theme often involves its funds taking significant stakes in investee companies. In such circumstances Ashmore is in a position to engage with the management of these companies. In many cases, Ashmore believes it to be beneficial to its investors to be active in promoting its brand locally by improving the livelihoods of the employees in those companies where it has a significant stake. When undertaking initial due diligence on any investments within the Alternatives theme, Ashmore's deal memorandum checklist takes into account the consideration of ESG issues within the investment analysis and decision making process, and the investee company's own ESG practices.

Engagement

Engagement is a fundamental part of Ashmore's ESG approach.

Within mature markets, ethical investing has often been portrayed as a 'negative' concept i.e. it involves a decision not to invest in a certain way. Whilst these concepts are well accepted in mature markets Ashmore believes that they are not necessarily conducive to helping emerging economies develop. In the context of developing countries Ashmore believes that it is also possible to apply other concepts such as engagement within the ethical investment debate.

In the Equities theme Ashmore believes that good corporate governance helps to align the interests of company management with those of its shareholders. Where possible, Ashmore seeks to maintain constructive dialogue with company management.

Ashmore considers whether companies have corporate governance frameworks that are in line with applicable country codes and serve shareholder interests. Views on corporate governance do not constrain investment decisions however; often the most profitable investments can be made in companies where an improvement in corporate governance practices is anticipated. In many jurisdictions, and to the extent consistent with Ashmore's fiduciary duty to its clients, Ashmore exercises voting rights as a means to signal views to company management. Ashmore has developed detailed guidelines to guide voting decisions, but will, as appropriate, consider resolutions on a case-by-case basis taking into account all available information.

The majority of Ashmore's assets under management continue to be invested in fixed income (the majority of which is sovereign) for which Ashmore's ability to have an influence is generally limited to a decision whether or not to invest. However, at a country level, Ashmore believes that it is able to exert an influence through dialogue with governments and central banks. In order to assist with the debate on the broader issues affecting Emerging Markets, to enhance the understanding of these markets globally and to address market failures, Ashmore engages with numerous international public sector financial institutions with the objective of aiding transparency and best practice. Engagement with a country, as opposed to disengagement, is akin to many small pressures every day as opposed to one 'big stick'. By remaining engaged over an extended period of time it is often possible to have a positive influence and to add credibility. Ashmore is also mindful of the potential impact that the abuse of power and corruption by governments in certain countries can have on its reputation and the interests of its clients and continuously monitors, and takes into account such factors.

Where Emerging Markets are concerned therefore, it is believed that in certain circumstances, it may be more beneficial to keep investment flowing combined with the influence which accompanies it in order to continue being able to help a country's population. In country specific terms at the extreme, being cut off from capital may allow undemocratic rulers to control their people by attributing blame for economic problems to foreign actions. Sanctions may be counter-productive and may reduce the welfare of the population considerably. Conversely, to the extent that governments pursue policies that are not in the best interests of that country, then this is likely to become a poor investment proposition. Hence Ashmore takes investment and engagement/disengagement decisions on a case by case basis, relative to the specific circumstances and investment criteria in the best interests of clients.

Ashmore does not always evaluate quantitative variables in its assessment of country risk but will also examine qualitative factors such as the relationship between politics and economics and their interaction. Ashmore has always sought to develop networks locally in order to adopt a better quality of forward looking decision making in this area and to promote an understanding of local cultures and politics.

Proxy voting and corporate actions
Subject to specific mandate restrictions, Ashmore is generally responsible for voting proxies and taking decisions in connection with proxy voting with respect to equities, bonds, loans or other debt instruments held by or on behalf of the clients for which it serves as investment manager/adviser.

Where Ashmore is given responsibility for proxy voting and corporate actions, it will take reasonable steps under the circumstances to ensure that proxies are voted in the best interests of its clients. Protecting the financial interests of its clients is the primary consideration for Ashmore in determining how to protect such interests. This generally means proxy voting with a view to enhancing the value of the securities held by or on behalf of Ashmore's clients, taken either individually or as a whole.

UK Stewardship Code

Details on how, and the extent to which, Ashmore complies with the principles of the UK Stewardship Code are described separately on the Ashmore website at www.ashmoregroup.com.

Employees

Ashmore directly employs approximately 270 people in 11 countries worldwide, excluding employees in companies significantly controlled by funds that Ashmore manages. Ashmore's people have always been its most important asset, at the heart of everything it does. The Group's priority is to attract, develop, manage and retain this talent in order to deliver the potential of the organisation. Ashmore wishes to be an employer which the most talented people aspire to join wherever it operates.

Ashmore recognises that the involvement of its employees is key to the future success of the business and adopts a practice of keeping employees informed on significant matters affecting them, via email and in meetings arranged for the purpose. Ashmore has consistently operated a remuneration strategy that recognises both corporate and individual performance. Ashmore is also committed to following good practice in employment matters, recognising the part this plays in attracting and retaining staff.

Ashmore seeks to ensure that its workforce reflects, as far as practicable, the diversity of the many communities in which its operations are located. Ashmore also 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. Ashmore encourages employees to act ethically and to uphold clearly the standards of practice which its clients have come to expect. It also means ensuring that employees understand the strategic aims and objectives of the Group and are clear about their role in achieving them.

Ashmore works to ensure employee policies and procedures reflect best practice within each of the countries where it has a presence. This means having policies and practices that make Ashmore an attractive place to work in respect of the day to day operating environment and culture, and also in respect of medium to long term growth for employees, personally, professionally and financially.

Disability Policy

Ashmore will:

- give full and fair consideration to applications for employment by disabled persons, having regard to their particular aptitudes and abilities;
- continue the employment of, and arrange appropriate training for those who have become disabled when employed by the company, and;
- provide equal opportunity for disabled employees in terms of training, career development and promotion.

High ethical standards

Ashmore's Board of Directors seeks to maintain a strong corporate culture employing high standards of integrity and fair dealing in the conduct of the firm's activities, compliance with both the letter and the spirit of relevant laws and regulations, and standards of good market practice in all jurisdictions where the Group's business is carried out. The Board's aim is to enable Ashmore to demonstrate that the Group is fit and proper to undertake its business, to safeguard the legitimate interests of Ashmore clients and protect Ashmore's reputation.

Employee development

Ashmore believes that constructive performance management is an essential tool in the effective management of its people and business. Ashmore ensures all employees are competent to undertake their roles, have access to training as it is required, and can demonstrate their continuing professional development.

The performance management cycle comprises setting objectives and an annual performance appraisal against those agreed objectives. Output from this performance process is used to assist with decisions on remuneration, career development and progression.

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 employs over 32 different nationalities throughout the organisation. The gender balance is currently 68% (181 people) male and 32% (85 people) female.

Health and safety
The health and welfare of employees is very important to the Group.

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

There have been no reportable accidents in the UK or overseas premises.

Taxation
Ashmore is committed to paying tax in accordance with all relevant laws and regulations and complying with all fiscal obligations in the territories in which it operates. To facilitate this, the Group works to create and maintain transparent and open working relationships with all relevant tax authorities. Ashmore aims to maximise value for its shareholders and clients by managing its business in a tax efficient and transparent manner, within the remit of the applicable tax rules.

Human rights
Ashmore supports the United Nations Universal Declaration of Human Rights.

Environment
As a company whose business is fundamentally based on intellectual capital and does not own its business premises, Ashmore has a limited direct impact on the environment and there are few environmental risks associated with the Group's activities. Nevertheless, Ashmore recognises that it has a responsibility to manage this as effectively as possible. The Group continues to promote energy efficiency and the avoidance of waste throughout its operations and a number of initiatives, such as the recycling of paper, glass and other waste and the use of 'green' energy, are encouraged.

Ashmore does not own any of the buildings where it occupies floor space and invariably buildings in which it does have a lease are multi-tenanted and costs are apportioned to each tenant pro-rated according to occupancy.

Ashmore's largest property occupancy is at its headquarters at 61 Aldwych, London where it occupies 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 and energy efficient lighting is installed in the building with sensors which turn lights off when no movement is detected. The building has received an Energy Performance Certificate with an Asset Rating of 98.

Travel
Although Ashmore endeavours to make maximum use of available technology, such as video conferencing, its business model as an investor in Emerging Markets inevitably requires that investment professionals and other members of staff travel frequently to these countries to investigate and monitor opportunities.

Recycling
Ashmore has in place recycling programmes for waste paper, photocopier toners and other disposable materials. Ashmore seeks to minimise the use of paper as part of its clear desk policy and electronic scanning is actively encouraged. All printing is two-sided by default.

Ashmore is conscious of minimising its impact on the environment. For this reason, wherever possible Ashmore chooses paper stocks that have been sustainably sourced and which are Forest Stewardship Council® (FSC) accredited (or equivalent) for its marketing materials and business stationery.

Greenhouse gas emissions reporting
Further details on Greenhouse gas emissions (GHGs) can be found in the Directors' report.

Energy Savings Opportunity Scheme (ESOS)
Ashmore has confirmed its compliance with the ESOS obligations to the Environment Agency in respect to the reporting period ending on 5 December 2015.

Ashmore provides obsolescent computers to Computer Aid International
Computer Aid is a UK registered charity that aims to reduce poverty through practical ICT solutions. Computer Aid sends these PCs to various projects across Africa and South America and furnishes Ashmore with details of where they are used. Any units that are not usable are disposed of in an environmentally friendly fashion.

Community Investment: Making a positive difference

2015-16 HIGHLIGHTS

- New York team spend day helping customers at a local food bank
- London employees hold five fundraising events in aid of the Ashmore Foundation
- Five new trustees, new Chairperson appointed and Investment Committee established
- Six new grants partnerships established in Colombia, India, Indonesia and Turkey totalling over US$600,000
- Three organisations funded to support Syrian refugees in Turkey

Community

Ashmore's approach to community investment represents a commitment to building relationships and having a positive impact on the communities where Ashmore operates and invests. At the heart of this approach is the Ashmore Foundation. The Ashmore Foundation makes a sustainable impact to disadvantaged communities where Ashmore invests. However, it is recognised that Ashmore can also have a positive impact on the communities where it operates and is committed to creating lasting benefits in those locations where Ashmore has a presence. Ashmore employees across all offices and subsidiaries are encouraged to engage with and support local community projects. This commitment is reflected in Ashmore's policy enabling employees to take one day annually to support charitable projects. During the last year, Ashmore employees have taken part in a range of activities, while many have been in support of the Ashmore Foundation. Staff are keen to support communities in their local vicinity.

In New York, a team of seven Ashmore staff volunteered at the Bed-Stuy Campaign Against Food Hunger Pantry. The team assisted the staff with unloading food items, shelf stacking and assisting clients in the centre. In London, Ashmore continues to develop its relationship with local charity Resurgo to develop the volunteering programme piloted in Spring 2015. Employees are also encouraged to deposit unused foreign coins, the proceeds of which are donated to the Alzheimer's Society. Ashmore continues to support local charities with gifts in kind. The London team came together to donate clothes, including suits, to The Connection, a London-based homeless charity.

Over the last year over 100 Ashmore employees have actively supported the Foundation, through fundraising, volunteering time to support the Foundation to meet its strategic objectives or mentoring NGO partners and their beneficiaries.

Over the year, Ashmore employees organised a range of events from wine tastings to cake bakes to raise funds for the Foundation. In 2016, the Ashmore Foundation secured its first ever place in the London Marathon. Team Ashmore came out in full to support their colleague who completed the marathon in 3 hours 26 minutes and raised almost £10,000.

The Ashmore Foundation Investing locally in Emerging Markets communities

The Ashmore Foundation was established in January 2008 and seeks to make a positive and sustainable difference to disadvantaged communities in the Emerging Markets communities in which Ashmore operates and invests. To achieve this goal, the Ashmore Foundation aims to develop long-term relationships with locally based non-government organisations (NGOs).

The Ashmore Foundation is staffed by a full time Director who is responsible for managing the Foundation's affairs. The board of trustees consists of nine Ashmore employees as well as one independent trustee. In addition to the board of trustees Ashmore employees engage in the governance of the Foundation through sub-committees to support fundraising, grant making, volunteering and communications. Ashmore also 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 Ashmore Foundation.

The Ashmore Foundation is supported solely by Ashmore and its employees globally. Crucially, this support from employees extends beyond financial aid to active engagement in fundraising, as well as a network of support which includes mentoring and helping NGOs expand their network of contacts.

The Ashmore Foundation's focus of work is designed in response to the fact that, despite economic growth in Emerging Markets, disadvantaged communities in many countries remain affected by poverty and lack access to basic services and opportunities that are basic rights and could greatly improve their life situations. Moreover, a thriving civil sector is essential to democratic development in nascent and emerging nations.

The Foundation seeks to develop long-term partnerships with civil society organisations and does not accept unsolicited applications, preferring to seek appropriate partnerships proactively. Civil society organisations typically receive between US$20,000 and US$50,000 per year over a two to three year period.

The Ashmore Foundation currently has four priority countries (Colombia, India, Indonesia, and Turkey) based on the location of Ashmore offices, and the existence of a strong civil sector and clear social needs on which the Ashmore Foundation can focus. Supporting locally based NGOs in Emerging Markets reflects Ashmore's desire to 'give back' to the countries that have contributed to its profitability, supporting empowerment and local capacity in Emerging Markets.

Following a review of its funding priorities in 2014, the Ashmore Foundation focuses its support on programmes that aim to equip people with the skills and resources they need to generate an income that will enable them to meet their basic needs and that of their families and will also support economic growth and begin to address broader societal inequalities. This may range from literacy and numeracy to vocational training, life and leadership skills or small and medium enterprise support and development.

All proposals to the Ashmore Foundation undergo a rigorous assessment which is designed to review not only the proposed activities but the organisation as a whole – taking into consideration day to day management, governance, objectives and outcomes, resources and accountability. The level and depth of due diligence is proportionate to the size of the grant under consideration.

Since its inception in 2008, the Ashmore Foundation has developed strategic partnerships with a number of civil society organisations, below are case studies from two organisations that the Foundation is currently supporting.

YAYASAN TORAJAMELO

Supported since 2015 | Total funding: US$60,000 | Location: West Sulawesi, Indonesia

In 2015 the Ashmore Foundation entered into its first grant partnership with Torajamelo. The organisation was founded with the mission to preserve the culture of the Toraja people and improve the income of women weavers. The preference for cheap modern clothing has led to the production of woven fabric diminishing thus decimating the livelihoods and leaving women at great social disadvantage.

Torajamelo will take the learning from their work with the Toraja people and replicate with women in Mamasa. In partnership with local women they document the traditional weaving practices and motifs used. Together with the women they teach younger women traditional techniques as well as the demand amongst modern consumers. They work with the women to develop a modern product range from the textiles which are then sold national and internationally.

In partnership with other civil society actors they run community development programmes. They form savings and loans cooperatives through which the women learn about their rights and how to access them in their community. The weavers are taught how to manage a cooperative, financial management and given leadership skills.

FOUNDATION FOR THE SUPPORT OF WOMEN'S WORK

Supported since 2013 | Total funding: US$158,224 | Location: Istanbul, Turkey

In 2015 the Ashmore Foundation renewed its partnership with the Foundation for the Support of Women's Work (FSWW). The organisation was founded in 1986 to support the improvement in the lives of and economic situation of low- come women in Turkey.

In 2002 FSWW established MAYA, a microfinancing institution to support women entrepreneurs with business development, financial management, microloans, mentoring, networking and market access.

Through their renewed partnership with the Ashmore Foundation they are extending access to the Maya programme for 1,000 low income women in Eskişehir and Kocaeli. Women that successfully apply into the programme will be supported to set up or expand their businesses. Through workshops and peer group discussion they will better understand issues around inequality, enabling them to exercise their rights at both the household and societal level, ultimately improving opportunities for themselves and for their children.

In addition to the main partnership grants programme, the Ashmore Foundation supports those communities in Emerging Market countries that have been affected by natural disaster. Over the last year, the Foundation supported civil society organisations responding to the migrant crisis in Turkey. Over the last year the Foundation has been able to support three Turkish civil society organisations that are working with the vulnerable Syrian refugees to provide them with access to training and services to enable to them to begin the process of rebuilding their lives.

www.ashmorefoundation.org

Committed to the highest standards

Peter Gibbs
Non-executive Chairman (Age 58)
Peter Gibbs was appointed to the Board in April 2015. Peter has spent his entire career working in the financial services industry. He was Chief Investment Officer and Head of Region for the non-US investment management activities of Merrill Lynch Investment Managers, having spent his early career at Brown Shipley and Bankers Trust as a portfolio manager. Since then he has held a number of non-executive positions including UK Financial Investments plc (the body responsible for the UK government's financial services investments), Evolution Group plc, Impax Asset Management Group plc and Friends Life Group Limited. He is currently a Non-executive Director of Aspect Capital Ltd, Intermediate Capital Group plc and the Bank of America Merrill Lynch (UK) Pension Plan Trustee Ltd.

Committee membership: N, R

Mark Coombs
Chief Executive Officer (Age 56)
Mark Coombs was appointed a Director on the incorporation of the Company in December 1998, and has served as its Chief Executive Officer since then. He held a number of positions at Australia and New Zealand Banking Group (ANZ) and led Ashmore's buyout from ANZ in early 1999. He is Co-Chair of EMTA, the trade association for Emerging Markets, having been on the Board since 1993. Mark has an MA in Law from Cambridge University.

Tom Shippey
Group Finance Director (Age 42)
Tom Shippey was appointed to the Board as Group Finance Director in November 2013. He was previously Head of Corporate Development, in which capacity he was responsible for developing and implementing Ashmore's corporate strategy. Prior to joining Ashmore in 2007, he worked for UBS Investment Bank, including advising on the Ashmore IPO in 2006. Tom qualified as a Chartered Accountant with PricewaterhouseCoopers in 1999 and is a Fellow of the ICAEW. He has a BSc in International Business and German from Aston University.

Simon Fraser
Senior Independent
Non-executive Director (Age 57)
Simon Fraser joined the Board in February 2012. Simon has extensive experience of the fund management industry, having worked at Fidelity International from 1981 to 2008. At Fidelity he held a number of positions during his career, including President, European & UK Institutional Business, Global Chief Investment Officer, Chief Investment Officer for Asia Pacific and Chief Investment Officer of the European Investment Group. He is Chairman of Foreign & Colonial Investment Trust plc, The Merchants Trust plc and the Investor Forum, and a Non-executive Director of Fidelity European Values Plc.

Committee membership: A, N, R

Nick Land
Non-executive Director (Age 68)
Nick Land was appointed to the Board as Senior Independent Non-executive Director and Chairman of the Audit Committee in July 2006. He is a qualified accountant and was a partner of Ernst & Young LLP from 1978 to 2006 and its Chairman from 1995 to 2006. Nick is a Non-executive Director of Vodafone Group plc, a trustee of the Vodafone Group Foundation and a Board member of the Financial Reporting Council.

Dame Anne Pringle DCMG
Non-executive Director (Age 61)
Anne Pringle joined the Board in February 2013. She was a diplomat with the Foreign and Commonwealth Office for over 30 years, focusing in particular on the EU, Russia and Eastern Europe. Between 2001 and 2004, Anne was the British Ambassador to the Czech Republic and from 2004 to 2007, Director of Strategy and Information at the FCO and a member of the FCO Board. From 2008 to 2011, she served as Ambassador to the Russian Federation. Anne is a Public Appointments Assessor, a member of the Foreign Secretary's advisory Locarno Group, Senior Governor on the Board of St Andrew's University and a trustee on the Board of Shakespeare's Globe Theatre.

Committee membership: A, R

David Bennett
Non-executive Director (Age 54)
David Bennett was appointed to the Board in October 2014. He was a Director of Alliance and Leicester plc between 2001 and 2008 serving as Group Finance Director and then Group Chief Executive until its sale to Santander in 2008. He has also held a number of executive positions in Abbey National plc, Cheltenham & Gloucester plc, Lloyds TSB Group and the National Bank of New Zealand. David is currently Deputy Chairman of CYBG plc, Non-executive Chairman of Homeserve Membership Ltd, Chairman of the regulated business of Jerrold Holdings, and a Non-Executive Director of PayPal (Europe) SARL et Cie, S.C.A. He has also served as a Non-executive Director of easyJet plc between 2005 and 2014. David holds an MA in Economics from Cambridge University.

Committee membership: A, N, R

Clive Adamson
Non-executive Director (Age 60)
Clive Adamson was appointed to the Board in October 2015. He was Head of Supervision and an Executive Director of the Board of the Financial Conduct Authority until January 2015, and prior to that he held a number of senior roles within its predecessor the Financial Services Authority. Between 1998 and 2000 he was a Senior Advisor in Banking Supervision at the Bank of England. Clive is currently a Non-executive Director of JP Morgan International Bank Limited, The Prudential Assurance Company Limited and CYBG plc. He holds an MA in Economics from Cambridge University.

Committee membership: A

KEY TO MEMBERSHIP OF COMMITTEES

A – Audit and Risk

N – Nominations

R – Remuneration

Chairman's introduction

This is my first report since succeeding Michael Benson as Chairman in October 2015 and I should like to express on behalf of the Board my gratitude to Michael for all of his hard work over the last nine years. The Board also welcomed Clive Adamson in October 2015 who has joined the Audit and Risk Committee.

My interviews with all of the Board members during the course of the annual Board performance evaluation has confirmed that there is a professional and constructive environment and that the performance of the Directors, the Board, and its Committees, continues to be effective.

Peter Gibbs
Chairman

The Group has been in compliance with the UK Corporate Governance Code and its predecessor versions since Admission to listing on the London Stock Exchange on 17 October 2006, except where the Directors consider that in particular limited circumstances, departure may be justified and explained. No departures from the Code occurred during the year under review. References herein to 'the Code' are to the 2014 version of the UK Corporate Governance Code. This report describes the Group's corporate governance arrangements, explaining how it has applied the principles of the Code.

Directors

The Board of Directors comprises two Executive Directors and six independent Non-executive Directors. The two Executive Directors are Mark Coombs, the Chief Executive Officer, and Tom Shippey, the Group Finance Director. The Independent Non-executive Directors are Peter Gibbs, Chairman; Simon Fraser, Senior Independent Director; Nick Land, Dame Anne Pringle, David Bennett and Clive Adamson. Michael Benson retired from the Board on 22 October 2015 and Clive Adamson was appointed on the same date. With the exception of the changes described all other Directors served throughout the year.

The Board has a schedule of matters specifically reserved to it for decision and approval, which include, but are not limited to:

- the Group's long-term commercial objectives and strategy;
- major acquisitions, disposals and investments;
- the Group's annual and interim reports and financial statements;
- interim dividend and recommendation of final dividend;
- annual budgets and forecast updates;
- internal capital adequacy assessment process;
- significant capital expenditure; and
- the effectiveness of risk management and internal control systems.

The roles of the Chairman and Chief Executive Officer are separate, clearly defined and have been approved by the Board. The Chairman is responsible for the effective conduct of the Board, while the Chief Executive Officer is responsible for execution of strategy and for the day-to-day management of the Group.

In considering Non-executive Director independence, the Board has taken into consideration the guidance provided by the Code. The Board considers Peter Gibbs, Simon Fraser, Nick Land, Dame Anne Pringle, David Bennett and Clive Adamson to be independent. Simon Fraser is the Senior Independent Director.

During the year under review the Group complied with the Code requirement that at least half of the Board consist of independent Directors (excluding the Chairman).

The Board confirms that the Company and Mark Coombs entered into a relationship agreement on 1 July 2014 as required under UK Listing Rule 9.2.2AR(2)(a); 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 reporting period ending on 30 June 2016.

The Board meets a minimum of six times during the year to review financial performance and strategy and to follow the formal schedule of matters reserved for its decision. Comprehensive Board papers, comprising an agenda and formal reports and briefing papers, are sent to Directors in advance of each meeting. Throughout their period in office, Directors are continually updated by means of written and verbal reports from senior executives and external advisers on the Group's business, and the competitive and regulatory environments in which it operates, as well as on legal, compliance, corporate governance, corporate social responsibility and other relevant matters.

In addition to its formal business, the Board received a number of briefings and presentations from executive management during the year covering a wide range of topics across the range of the Group's business. All Directors have access to independent professional advice, if required, at the Company's expense, as well as to the advice and services of the Company Secretary. New Directors appointed to the

Board will receive advice as to the legal and other duties and obligations arising from the role of a director of a UK listed company within a full, formal and tailored induction.

The Company Secretary, under the direction of the Chairman, is responsible for maintaining an adequate continuing education programme, reminding the Directors of their duties and obligations on a regular basis, ensuring good information flows between the Board, its committees and management and assisting with Directors' continuing professional development needs. The Company's Nominations Committee considers the appointment and replacement of Directors subject to the rules set out in the Articles, a summary of which is set out below.

Under the Articles, the minimum number of Directors shall be two and the maximum shall be nine. Directors may be appointed by the Company by ordinary resolution or by the Board. A Director appointed by the Board must offer himself/herself for election at the next Annual General Meeting of the Company following his appointment but he is not taken into account in determining the Directors or the number of Directors who are to retire by rotation at that meeting.

The Directors to retire by rotation must be those who held office at the time of the two preceding Annual General Meetings and did not retire at either of them or those who have held office with the Company for a continuous period of nine years or more at the date of the Annual General Meeting. The office of Director shall be vacated in other circumstances, including where (i) that Director resigns or is asked to resign; (ii) they are or have been suffering from mental ill-health; (iii) they are absent without permission of the Board from meetings of the Board for six consecutive months; (iv) they become bankrupt or compound with their creditors generally; or (v) they are prohibited by law from being a Director.

Notwithstanding these provisions, the Board has adopted provision B.7.1 of the Code and, with the exception of Nick Land who will not be seeking re-election and who will retire from the Board at the conclusion of the meeting, all Directors will retire and seek re-election at the Annual General Meeting on 21 October 2016. The Listing Rules require that the election/re-election of independent directors be by a majority of votes cast by independent shareholders as well as by a majority of votes cast by all shareholders.

Powers of the Directors

Subject to the Company's Articles, the Companies Act 2006 and any directions given by the Company by special resolution, the business of the Company is managed by the Board, who may exercise all powers of the Company, whether relating to the management of the business of the Company or not.

Biographical details of the Directors are given on page 45.

Annual performance evaluation

The Code recommends that the Board should undertake a formal annual evaluation of its own performance and that of its committees and individual Directors and that an externally facilitated evaluation should be undertaken at least once every three years. An independent externally facilitated evaluation was undertaken by Independent Audit (which has no connection with the Company) for the reporting year ended 30 June 2015. For the year under review individual meetings were held between each Director and the Chairman in which issues and developments over the year were discussed and performance was considered by reference to the objectives of the Board and its committees. The Chairman presented a report to the Board and highlighted a number of key points arising from his interviews with the Directors:

- The Board believes that the compact structure is effective and that the relationships around the Boardroom work well.
- The size and balance of the Board is correct and the Board is mindful of the need for greater diversity.
- There is a constructive, professional and open environment and the Board is well supported by the senior executives and by the senior management team supporting them.
- The Audit and Risk, Remuneration and Nominations Committees are considered effective.
- The Board strategy sessions and subsequent discussions have improved consistently.

YEAR 1

Externally facilitated Board evaluation

YEAR 2

One to one interviews with Chairman focussing on issues raised in year 1 and any other issues

YEAR 3

One to one interviews with Chairman focussing on progress

The Directors were also invited to provide comments to the Senior Independent Director on the performance of the Chairman. The Board believes that, following the completion of the performance evaluation, the performance of the Chairman and the Directors continues to be effective and that they continue to demonstrate commitment to their roles.

Board committees

The Board has appointed Audit and Risk, Remuneration and Nominations Committees to assist in the execution of its duties.

All of these committees operate within written terms of reference, which are reviewed annually consistent with changes in legislation and best practice.

The chairman of each committee reports regularly to the Board.

Each of the committees is authorised, at the Company's expense, to obtain external legal or other professional advice to assist in carrying out its duties. Only the members of each committee are entitled to attend its meetings but others, such as senior management and external advisers, may be invited to attend as appropriate.

Current membership of the committees is shown in the relevant sections below. The composition of these committees is reviewed at least annually, taking into consideration the recommendations of the Nominations Committee.

Board and committee attendance

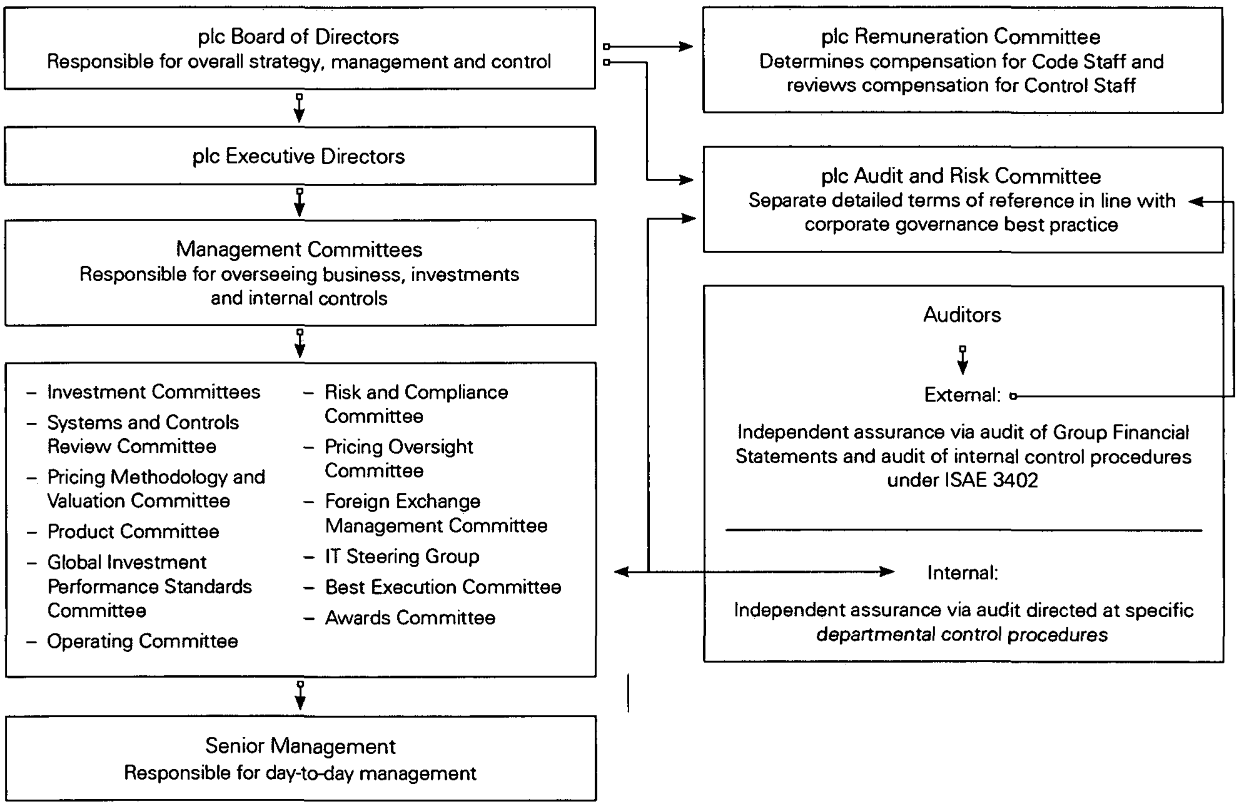
The table below sets out the number of meetings of the Board and its committees and individual attendance by the Directors. Directors who are not members of any Board committees are also invited to attend meetings of all such committees.

Board and committee attendance is described in the table below and includes attendance for Directors who have served on the Board or its committees through part of the year under review.

	Board	Nominations Committee	Audit and Risk Committee	Remuneration Committee
Total number of meetings scheduled between 3 July 2015 and 1 July 2016	6	3	5	5
Michael Benson[1]	100%	100%	–	100%
Mark Coombs[2]	100%	–	–	–
Tom Shippey[2]	100%	–	–	–
Peter Gibbs[3]	100%	100%	–	100%
Nick Land[4]	100%	100%	100%	100%
Simon Fraser	100%	100%	100%	100%
Dame Anne Pringle[5]	100%	–	100%	100%
David Bennett[6]	100%	100%	100%	100%
Clive Adamson[7]	100%	–	75%	–

1. Michael Benson retired from the Board on 22 October 2015.
2. Members of executive management are invited to attend Board committee meetings as required but do not attend as members of those committees. The Group Finance Director attends all meetings of the Audit and Risk Committee.
3. Peter Gibbs was appointed to the Nominations and Remuneration Committees on 22 October 2015.
4. Nick Land stepped down from the Audit and Risk, Remuneration and Nominations Committees on 22 October 2015.
5. Dame Anne Pringle joined the Audit and Risk Committee on 22 October 2015.
6. David Bennett joined the Nominations and Remuneration Committees on 22 October 2015.
7. Clive Adamson was appointed to the Board on 22 October 2015 and joined the Audit and Risk Committee on 10 December 2015.

Corporate Governance Framework



AUDIT AND RISK COMMITTEE

I am pleased to submit the report on the activities of the Audit and Risk Committee for the financial year ended 30 June 2016.

Nick Land stepped down from the Committee on 22 October 2015 and I would like to extend my thanks to him for his work as its Chairman over the years. We have continued to benefit from Nick's insight and experience over the course of this financial year. We also welcomed Dame Anne Pringle to the Committee on 22 October 2015 and Clive Adamson on 10 December 2015.

David Bennett
Chairman

Activities

The Audit and Risk Committee held four pre-scheduled meetings during the year and held an additional meeting to consider the audit tender. The activities of the Audit and Risk Committee are described on pages 49 and 50.

During the year under review the following Non-executive Directors served on the Audit and Risk Committee, the membership of which was compliant with the Code:

- David Bennett (Chairman)
- Nick Land
- Simon Fraser
- Dame Anne Pringle
- Clive Adamson

Nick Land retired from the Committee on 22 October 2015, Dame Anne Pringle was appointed to the Committee and David Bennett was appointed Chairman on the same date. Clive Adamson joined the Committee on 10 December 2015. All other members of the Audit and Risk Committee served throughout the year.

The Board is satisfied that for the year under review, and thereafter, David Bennett, Nick Land, Simon Fraser, and Clive Adamson had, and have, recent and relevant commercial and financial knowledge and experience. The Board is further satisfied that the Audit and Risk Committee as a whole has competence relevant to the sector in which the company operates.

Nick Land is a Chartered Accountant, Simon Fraser has previously served as Global Chief Investment Officer with Fidelity International, David Bennett has served as Group Finance Director and the Group Chief Executive of Alliance and Leicester plc, Dame Anne Pringle was a diplomat with the Foreign and Commonwealth Office for over 30 years with extensive experience of Russia and Eastern Europe and Clive Adamson was formerly Head of Supervision and Executive Director of the Board of the Financial Conduct Authority.

A report on the activities of the Audit and Risk Committee is set out below.

The terms of reference for the Audit and Risk Committee include:

- monitoring and challenging the integrity of the financial statements of the Company, any formal announcements relating to the Company's financial statements or performance and any significant financial issues and judgements contained in them;
- reviewing the contents of the Annual Report and Accounts and advising the Board on whether, taken as a whole, they are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy;
- reviewing the effectiveness of the Group's internal control and risk management systems;
- overseeing and challenging the day-to-day risk management and oversight arrangements of the executive;
- overseeing and challenging the design and execution of stress and scenario testing;
- considering and approving the remit of the internal audit and risk management functions and ensuring that they have adequate independence;
- monitoring and reviewing the scope, extent and effectiveness of the activities of the Internal audit function in the context of the Company's overall risk management and control systems;
- reviewing, assessing and approving the internal audit plan;
- reviewing the external auditor's plan for the audit of the Group's financial statements, receiving and reviewing confirmations of auditor independence and approving the terms of engagement and proposed fees for the audit;
- reviewing and monitoring the effectiveness and quality of the external audit;
- reviewing the level and amount of external auditor non-audit services;
- making recommendations to the Board for a resolution to be put to shareholders to approve the reappointment of the external auditor;
- reviewing the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters and reviewing the Company's systems and controls for detecting fraud and the prevention of bribery;
- reviewing the Audit and Risk Committee's terms of reference, carrying out an annual performance evaluation exercise and noting the satisfactory operation of the Committee; and
- reporting to the Board on how it has discharged its responsibilities.

Key judgements

In assessing the various key matters relative to its terms of reference, and to satisfy itself that the sources of assurance and information the Audit and Risk Committee has used to carry out its role to review, monitor and provide assurance or recommendations to the Board, are sufficient and objective, the Audit and Risk Committee has adopted an integrated assurance approach. This approach relies not only on the work of the external auditor but also management assurances received from various reports including from the Group Finance Director, Group Head of Risk

Management and also via the existing Ashmore governance framework such as specialised internal management committees. Other independent assurance is received from the Compliance Monitoring Programme and Internal Audit and from the externally audited ISAE 3402 report on the control environment. The Group Finance Director, Group Head of Risk Management and Group Head of Internal Audit attend each pre-scheduled meeting of the Audit and Risk Committee as a matter of practice.

The Audit and Risk Committee also has responsibility for reviewing the Company's arrangements on whistleblowing, ensuring that appropriate arrangements are in place for employees to be able to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action.

The Audit and Risk Committee has the authority to seek any information it requires to perform its duties from any employee of the Company and to obtain outside legal or other independent professional advice as appropriate.

The principal activities of the Audit and Risk Committee through the year, and the manner in which it discharged its responsibilities, are described below.

Meetings

The number of Audit and Risk Committee meetings and their attendance by the Directors are set out in the table on page 48. The Audit and Risk Committee met five times in relation to the current financial reporting year as part of its standard process and also for the purpose of addressing the tendering of the Group audit for the financial year commencing on 1 July 2016. Scheduled meetings of the Committee take place on the day prior to a Board meeting to maximise the efficiency of interaction with the Board. The Chairman of the Audit and Risk Committee reports to the Board, as part of a separate agenda item, on the activities of the Committee all Non-executive Directors are invited to attend meetings of the Audit and Risk Committee.

The Chairman of the Audit and Risk Committee also meets on a regular basis, outside of scheduled committee meetings, with the Group Head of Internal Audit, the Group Head of Risk Management and Control, the Group Head of Compliance, the Group Finance Director and the external auditors.

Financial statements

The Audit and Risk Committee reviewed the FY2015/16 annual report, interim results, preliminary results and reports from the external auditor, KPMG LLP, on the outcome of its reviews and audits in 2016.

Significant accounting matters

During the year the Audit and Risk Committee considered key accounting issues, matters and judgements in relation to the Group's financial statements and disclosures relating to:

Classification of seed capital investments

Ashmore makes seed capital investments in funds that are managed by Group subsidiaries in order to support future third-party AuM growth. These investments can result in Ashmore becoming a controlling party in the funds. If at the time of investing in these funds Ashmore expects the period of control to be less than 12 months, the investments are classified as held-for-sale (HFS) and consolidated as HFS assets and liabilities rather than on a line-by-line basis. In determining whether the Group controls these funds, there are three factors which are taken into consideration, namely 1) whether Ashmore has power over the relevant activities of the funds; 2) whether Ashmore is exposed to variability of returns through fees and/or co-investments; and 3) the strength of the linkage between the power and the variable returns. The third factor is one of the key judgmental areas that KPMG focuses upon in its audit due to the potential risk that Ashmore has incorrectly assessed the strength of the linkage between the power and the variable returns.

The accounting treatment for seed capital investments is addressed more fully in note 20 on pages 106 to 108 of the financial statements.

Impairment review of the carrying value of intangible assets

As more fully explained in note 15 on page 101, intangible assets comprise Ashmore Equities Investment Management (AEIM) fund management relationships related to profit expected to be earned from clients of AEIM. The fund management relationships are amortised over the estimated useful economic lives of eight years.

The Audit and Risk Committee has evaluated a report from management and concluded that no impairment charge was required against the value of intangible assets relating to AEIM fund management relationships.

Share-based payments

It is the responsibility of the Remuneration Committee to address, and report upon, compensation matters including share-based payments made to employees of the Group. The Audit and Risk Committee considers these in its review of the financial statements and receives a report from the external auditor on the quantification and accounting treatment related to such payments, which are explained in note 10 to the financial statements.

Revenue rebates

During the year, the ARC reviewed and considered the controls, processes and accounting treatment for fee rebates. A report from the external auditor regarding the processing of fee rebates and its treatment on revenue recognition was also received and reviewed. The method of accounting for revenue recognition is described more fully on page 90.

Future IFRS and UK GAAP developments

The Audit and Risk Committee has received a report from management and the auditor and discussed future accounting developments likely to affect the presentation of the Group's financial statements.

Other accounting matters

During the year, the Audit and Risk 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 34.

UK Corporate Governance Code

A further version of the Code (the 2016 Code) was issued effective for accounting periods commencing on or after 17 June 2016, which Ashmore has adopted for the financial year ended 30 June 2016.

External auditor

The current KPMG audit partner is Jon Mills who has signed the FY2015/16 audit report. For the FY2016/17 Jon Mills will rotate off as the audit partner and Tom Brown will become the audit partner. By the time of his rotation Jon Mills will have been the Ashmore audit partner for a period of two years. The Ethical Standards require that KPMG rotate the audit partners every five years for a listed entity.

However, Jon Mills was the Engagement Quality Control Reviewer partner for Ashmore for five years before taking on the audit partner role in 2015 and could accordingly only serve in such capacity for two years.

The external auditor attends all meetings of the Audit and Risk Committee. It is the responsibility of the Committee to monitor the performance, objectivity and independence of the external auditor. The Audit and Risk Committee discusses and agrees the scope of the audit plan for the full year and the review plan for the interim statement with the auditor.

The external auditor provides reports at each committee meeting on topics such as the control environment, key accounting matters and mandatory communications. The Audit and Risk Committee also received a comprehensive presentation from the auditor demonstrating, to the Committee's satisfaction, how its independence and objectivity is maintained when providing non-audit services.

External auditor independence

The Audit and Risk Committee has agreed the types of permitted and non-permitted non-audit services and those which require explicit prior approval. All contracts for non-audit services in excess of £25,000 must be notified to the Chairman of the Audit and Risk Committee and approved by him.

During the year the value of non-audit services provided by KPMG LLP amounted to £0.4 million (FY2014/15: £0.5 million). Non-audit services as a proportion of total fees paid to the auditor amount to approximately 50%. The overall quantum of non-audit services is not considered to be significant given that Ashmore operates within a highly-regulated market and that a significant proportion of the non-audit services provided relate to the following matters:

- reporting on the half year financial statements;
- providing regular mandatory assurance reports to the FCA (as the regulator of Ashmore Investment Management Limited and Ashmore Investment Advisors Limited);
- the provision of certain tax compliance services;
- reporting on internal controls in Ashmore's offices in London, Washington D.C. and Singapore as required under ISAE 3402 pursuant to investment management industry standards; and
- auditing the controls and procedures employed by the Company relating to the production of investment performance figures over one, three and five-year periods to conform to the investment management industry's Global Investment Performance Standards.

The assurance provided by the Group external auditor on the items listed above is considered by the Audit and Risk Committee to be strictly necessary in the interests of the business and, by their nature, these services could not easily be provided by another professional auditing firm.

The provision of tax advisory services, due *diligence/transaction services and litigation* services may be permitted with the Audit and Risk Committee's prior approval. The provision of internal audit services, valuation work and any other activity that may give rise to any possibility of self-review are not permitted under any circumstance. During the year there were no circumstances where KPMG LLP was engaged to provide services which might have led to a conflict of interests.

The Audit and Risk Committee has assessed the impact on the Company of EU legislation introduced in June 2014 which serves to reform the audit market within the EU. The areas addressed are:

- Mandatory audit firm rotation is required after 20 years and a re-tender process every 10 years. KPMG has acted as the Group's auditors since the listing in 2006 and, as signalled in last year's annual report, during the year the Committee undertook a comprehensive tender process for the audit in relation to the year ending 30 June 2017 which is described in more detail below.
- Restrictions on non-audit services: The legislation restricts the non-audit services which can be provided by the auditor. In compliance with this requirement Deloitte provide independent tax advice services to the Group.
- Non-audit service fee limits: The legislation also imposes a fee cap of 70% of the average statutory audit fees paid in the last three consecutive years. This cap will *enable* KPMG *to continue to undertake* assurance, verification and reporting work in other permitted areas described above such as to the FCA, Global Investment Performance Standards and ISAE 3402.

From time to time during the year the Non-executive Directors met with the external and internal auditors without the Executive Directors being present so as to provide a forum to raise any matters of concern in confidence.

KPMG LLP (and its prior entity KPMG Audit plc) have acted as the auditor to the Company since the IPO in October 2006 and the lead audit partner rotates every five years to assure independence.

In order to assess the effectiveness of the external audit process the Audit and Risk Committee asked detailed questions of key members of management as well as considering the firm-wide audit quality inspection report issued by the FRC in May *2016 and* KPMG*'s response to the findings* inspection. 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. Accordingly, the Audit and Risk Committee continues to be satisfied with the work of KPMG LLP and that it continues to remain objective and independent. The Committee has therefore recommended to the Board that a resolution be put to shareholders for the reappointment of the auditor, and its remuneration and terms of engagement, at the Annual General Meeting of the Company.

Audit tender process

In January 2016 Ashmore invited submissions from three of the big four auditing firms for the provision of statutory audit and certain additional audit related services for the Ashmore Group. The fourth firm, Deloitte was not invited to tender as it already provides independent tax advisory services to the Group.

The services covered by the tender submission process for Ashmore Group plc and its subsidiaries were:

- Group and subsidiary statutory audits and financial statements;
- Group interim review and financial statements;
- UK subsidiary statutory audits;
- Overseas subsidiary audits and financial statements preparation (where applicable);
- Group ISAE 3402 Assurance Report covering the control environments in London, Washington D.C. and Singapore in relation to transaction processing for client accounts;
- Global Investment Performance Standards verification for all portfolios managed by Ashmore Group plc and by its majority owned subsidiaries.

The tendering firms submitted written proposals which were presented to the Audit and Risk Committee and Ashmore management in March 2016. It was the unanimous view of the Audit and Risk Committee that KPMG's proposal comfortably met each of the selection criteria required by the Audit and Risk Committee, in particular it targeted continuity and stability alongside a change in audit partner as required under EU reform legislation.

The key focus areas leading to the decision by the Audit and Risk Committee to recommend the retention of the services of KPMG were:

- A unique understanding of the Ashmore business;
- An integrated audit approach with efficient use of technology;
- The use of specialists, in particular in the regulatory controls space; and
- Stability and a continued focus on innovation and improvement.

Internal controls and risk management systems

The Group Head of Risk Management and Control attends each pre-scheduled meeting of the Audit and Risk Committee and provides reports to each. These reports have addressed a number of risk-related topics and have demonstrated how the output of the different Investment, Risk and Compliance and Pricing and Valuation Methodology Committees' discussions throughout the period have been effective in highlighting, tracking and contributing towards managing key market, liquidity, credit, counterparty and operational risks. In particular, in relation to operational risk, the Audit and Risk Committee has also reviewed and discussed the Group's Principal Risk Matrix which continues to serve as an effective tool to highlight and monitor the principal risks facing the Group and its continued evolution, and reflects changes in the business profile of the Group and the corresponding impact on internal controls and related processes.

The Audit and Risk Committee also received an annual report on, and conducted a review and evaluation of, the system of internal controls and risk management operated within the Company pursuant to the Financial Reporting Council guidance, 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', prior to final review by the Board.

A detailed description of the risk management framework and the manner in which risks are identified and managed is set out on pages 32 to 37.

Internal audit

The Head of Internal Audit has regular scheduled meetings with the Chairman of the Audit and Risk Committee and attends all pre-scheduled meetings of the Committee to present reports on the internal audit findings and on the proposed programme of reviews. The Audit and Risk Committee continues to monitor the Internal Audit Plan on an ongoing basis to ensure that it remains relevant to the needs of the business and to ensure that it can be adapted or changed if a particular focus area necessitates this.

During the year, the Audit and Risk Committee received presentations from Internal Audit on the 2013 Chartered Institute of Internal Auditors' Financial Services guidance "Effective Internal Audit in the Financial Services Sector" and Ashmore has adopted the requirements of this guidance in a proportionate manner. As part of a further presentation on internal audit governance, the Audit and Risk Committee reviewed the results of Internal Audit's first self-review against the relevant professional standards of the Global Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF) and the Chartered Institute of Internal Auditors' Financial Services guidance. No material departures were identified in this review. This report also provided assurance that all relevant regulatory and/or institute-mandated requirements are being performed and that there are no specific areas of which internal audit is aware that require additional focus.

The IPPF has a requirement for self-assessments to be independently validated by an external quality assessment at least every five years and Chartered Institute of Internal Auditors' Financial Services guidance also requires an effectiveness review at "appropriate intervals". The Audit and Risk Committee will consider with the internal auditor the scope and timing of such an external quality assessment. The Committee also received presentations from Internal Audit on the implementation of the assurance framework and the results of the first assurance review. Based on this work, and in accordance with the requirements of the Chartered Institute of Internal Auditors' Financial Services guidance, Internal Audit has provided the Audit and Risk Committee with its assessment of the overall effectiveness of the governance and risk and control framework of the organisation. As a consequence, the Audit and Risk Committee is satisfied that the quality, experience and expertise of the Internal Audit function is appropriate for the business and that it has adequate resources for its remit.

Cyber security

The Audit and Risk Committee receives annual updates from the Ashmore IT Department on potential cyber security threats and how Ashmore would respond to a significant event.

Public funds' audits

The Audit and Risk Committee met with and received reports from the independent auditors of Ashmore's SICAV, US 40-Act and Guernsey public funds on the conduct of those audits and outcomes from them.

Audit and Risk Committee effectiveness

A review of the effectiveness of the Board, its committees and the Directors was conducted during the year. Following the review the Board and the members of the Audit and Risk Committee have concluded that it is working effectively.

Protecting shareholder interests

The Audit and Risk Committee has a role in ensuring that shareholder interests are properly protected in relation to financial reporting and internal control. In the course of its work the Committee considers the clarity of its reporting and both the Chairman of the Audit and Risk Committee and the Senior Independent Director are prepared to meet investors.

David Bennett
Chairman of the Audit and Risk Committee

5 September 2016

NOMINATIONS COMMITTEE

During the year the activities of the Nominations Committee have included reviewing the requirements for potential independent Non-executive candidates for appointment to the Board, proposals for re-election of Directors at the Annual General Meeting, and reviewing its terms of reference.

Peter Gibbs
Chairman

Activities

The Committee met three times during the year. The principal items considered at the meetings were the sourcing of new, and succession planning for, Non-executive Directors and the composition of existing Board committees.

During the year under review the Nominations Committee comprised the following Non-executive Directors and was fully compliant with the Code:

- Michael Benson (Chairman) (to 22 October 2015)
- Peter Gibbs (Chairman) (from 22 October 2015)
- Nick Land
- Simon Fraser
- David Bennett
- Michael Benson retired from the Board and the Nominations Committee on 22 October 2015 and Peter Gibbs joined the Nominations Committee becoming Chairman on the same date. Nick Land stepped down as a member of the Nominations Committee on 22 October 2015 and David Bennett was appointed to the Nominations Committee on the same date. All other members of the Nominations Committee served throughout the year.

The terms of reference for the Nominations Committee include:

- reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board and its committees;
- reviewing annually the time required from each Non-executive Director, using performance evaluation to assess whether the Non-executive Director is giving sufficient commitment to the role;
- giving full consideration to succession planning in the course of its work, taking into account the challenges and opportunities facing the Company and what skills and expertise are needed on the Board in the future; and
- ensuring that on appointment to the Board, Non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings.

The members of the Nominations 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.

During the year the activities of the Nominations Committee have included reviewing the requirements for potential independent Non-executive candidates for appointment to the Board, proposals for re-election of Directors at the Annual General Meeting, and reviewing its terms of reference. The Committee may from time to time engage the services of an independent recruitment consultant which has no connection to the Group for the purpose of sourcing suitable Board candidates.

The number of Nominations Committee meetings and their attendance by the Directors are set out in the table on page 48.

Peter Gibbs
Chairman of the Nominations Committee

5 September 2016

REMUNERATION COMMITTEE

I am pleased to present the Remuneration report for the year ending 30 June 2016.

Ashmore's remuneration principles have remained unchanged since the Company listed, and are designed to align all employees with the long-term success of the business.

As regulations in relation to remuneration continue to develop, we see the remuneration structures and policies of other similar firms converging with the policies and practices Ashmore has had in place since listing, with significant levels of deferral, a clear link between performance and levels of remuneration and strong alignment of Executive Directors and employees with shareholders and clients through significant employee share ownership.

Ashmore's successful team-based approach to investment management is well supported by its Remuneration Policy. Executive Directors, members of the investment team, and indeed all other employees, participate in a single capped incentive pool and are paid under a similar structure, with an annual cash bonus and share award, meaning all employees are long-term shareholders in the business. Ashmore's Remuneration Policy has always been closely aligned to the long-term interests of both clients and shareholders. The Policy includes:

- A capped basic salary to contain the fixed cost base;
- A cap on the total variable compensation including any awards made under the Company's share plan, available for all employees at 25% of profits, which to date has not been fully utilised; and
- A deferral for five years of a substantial portion of variable compensation into Company shares (or equivalent), which, in the case of Executive Directors in lieu of a separate LTIP, is also partly subject to additional performance conditions measured over five years.

For share awards made during the year ending 30 June 2016, relating to the prior performance period, the Company introduced additional performance conditions for awards made to Executive Directors, in order to further align the remuneration of Executive Directors with the interests of clients, shareholders and the Company's KPI's. In addition to the existing relative TSR performance condition, the Company introduced performance conditions relating to investment outperformance, growth in assets under management and profitability, all measured over five years.

At the 2015 AGM, the Company renewed its existing share plan, which was supported by 87% of shareholders, thus allowing Ashmore to continue with its existing practices. The renewed share plan is substantially unchanged, whilst incorporating necessary updates due to remuneration regulation since 2006.

For remuneration relating to the year ending 30 June 2016, the Remuneration Committee has ensured that pay is 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.

As described in detail in other sections of the annual report, Ashmore's consistent and well defined investment philosophy has resulted in strong investment performance with 69% of AuM outperforming over one year, 63% over three years and 73% over five years, respectively. Continuing negative sentiment towards Emerging Markets has resulted in a decline in AuM of $6.3bn over the period through net outflows of US$7.5bn and positive performance of US$1.2bn. However, both subscriptions and redemptions improved during the course of the year, as sentiment started to recover towards the year end, after a prolonged period of weakness. Disciplined control of operating costs resulted in a high adjusted EBITDA margin of 62%, and active management of the Group's seed capital investments contributed to profit before tax of £167.5 million, a decline of 8%.

The Remuneration Committee believe that through a prolonged period of difficult conditions for Emerging Markets, the management team have performed very well in most areas of the business, with those factors which are under their control being well managed; strong fund performance, tight control of operating costs, and positive development of the Group's activities. The reduction in AuM as a result of negative sentiment towards Emerging Markets was the one notable area where the Group's performance was below the desired level.

This performance is reflected in the variable compensation received by employees, including the Executive Directors, for the year under review, with variable compensation as a percentage of earnings before variable compensation, interest and tax (VC/EBVCIT) being set at 20% (FY 2014/15: 18.5%).

Annual bonuses for Executive Directors were decreased relative to the prior year, an adjustment the committee felt reflected the overall performance of the business. However, they were maintained at a level which recognises the significant achievements through the period.

The Chief Executive's total annual bonus comprising cash and share awards at grant value, prior to any waivers or voluntary elections he may choose to make, decreased from £3,000,000 (FY 2014/15) to £1,500,000. Should the Chief Executive voluntarily elect to commute his cash bonus, and as a result receive a matching share award, his maximum annual bonus will be £1,950,000. The total sum ultimately to be received by the Chief Executive will be dependent on achievement relative to the performance conditions, which means that up to £525,000 of this sum may not be paid out when the share awards vest in 2021.

The Group Finance Director's total annual bonus comprising cash and share awards at grant value, prior to any waivers or voluntary elections he may choose to make, decreased from £1,000,000 (FY 2014/15) to £750,000. Should the Group Finance Director voluntarily elect to commute his cash bonus, and as a result receive a matching share award, his maximum annual bonus will be £975,000. The total sum ultimately to be received by the Group Finance Director will be dependent on achievement relative to the performance conditions, which means that £262,500 of this sum may not be paid out when the share awards vest in 2021.

Details of any elections made to commute cash bonus and related awards of matching shares will be provided in the Remuneration report for the year in which the awards are made. As has been the case in previous years, base salaries for Executive Directors have remained unchanged at a level which is significantly below fixed pay levels for equivalent positions at peer organisations, consistent with the Company's management of its fixed cost base and strong belief in pay for performance.

Ashmore has a 30 June year end, and as a result 2014, was the first year in which the Company was required to comply with the new regulations governing disclosure of Directors' remuneration, which the Company elected to adopt early in 2013. In 2014, the Directors' Remuneration Policy (DRP) was subject to a binding vote for the first time and was approved by shareholders on 30 October 2014. The Annual Report on Remuneration (ARR) was subject to an advisory vote in both 2014 and 2015. Shareholders will next be asked to vote to approve the Policy at the 2017 AGM.

The Remuneration Committee would welcome your support for the 2016 Directors' Remuneration report.

Simon Fraser
Chairman

Activities

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' Remuneration Policy and Annual Report on Remuneration on pages 55 to 67 describe the various matters which have been the principal areas of focus for the Remuneration Committee in FY2015/16.

During the year under review the Remuneration Committee comprised the following Non-executive Directors and was fully compliant with the Code:

- Simon Fraser (Chairman)
- David Bennett
- Michael Benson
- Peter Gibbs
- Nick Land
- Dame Anne Pringle

Michael Benson and Nick Land stepped down from the Remuneration Committee at the AGM on 22 October 2015 and Peter Gibbs and David Bennett were appointed to the committee on the same date. All other members of the Remuneration Committee served throughout the year.

Directors' remuneration policy

The terms of reference for the Remuneration Committee include:

- reviewing the ongoing appropriateness and relevance of the Remuneration Policy;
- reviewing the design of all 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 broad 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.

The number of Remuneration Committee meetings and their attendance by the Directors are set out in the table on page 48.

This section of the Remuneration report has been prepared in accordance with Part 4 of The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. It sets out the Remuneration Policy for the Company. The Policy has been developed taking into account the principles of the UK Corporate Governance Code 2014 and shareholders' executive remuneration guidelines. The Policy was approved by a binding shareholder vote in 2014.

Policy overview

The Remuneration Committee determines and agrees with the Board, the Company's policy on the remuneration of the Board Chairman, Executive Directors and other members of executive management 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 Chairman consults with major shareholders about these in advance.

Details of votes cast to approve the Directors' Remuneration Policy and last year's Annual Report on Remuneration are provided in the Annual Report on Remuneration section of this report.

During the period the Chairman of the Remuneration Committee and other Company representatives engaged with shareholders and proxy voting agencies in order to provide information and solicit comments and feedback on the Company's remuneration practices and outcomes, and have considered these discussions as part of their decision making process.

Considerations elsewhere in the Company

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. 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 or the Human Resources department.

The Remuneration Committee monitors the effectiveness of the Company's Remuneration Policy in recruiting, retaining, engaging and motivating employees, and receives reports from the Chief Executive Officer on how the Company's remuneration policies are viewed by employees and whether they are meeting business needs.

The Remuneration Committee does not seek to apply fixed ratios between the total remuneration levels of different roles in the Company, as this would prevent it from recruiting and retaining the necessary talent in a highly competitive employment market. However, the base salary multiple between highest and lowest paid UK-based employees in the Company is less than 4.5x.

Policy table

The table below summarises the key aspects of the Company's Remuneration Policy for Executive Directors, which is effective from 30 October 2014.

Figure 1
Remuneration Policy (the Policy) for Executive Directors

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 the wellbeing of employees.

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 employees can supplement with their contributions.

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 is reviewed periodically; the Policy permits the contribution rate to be amended if necessary to reflect trends in market practice.

VARIABLE COMPENSATION (Discretionary)

PURPOSE AND LINK TO SHORT AND LONG-TERM STRATEGY

Rewards performance and aligns executives closely 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) and a long-term incentive in the form of both a Restricted Share award and a Matching Share award on any voluntarily deferred cash bonus.

1. Cash bonus (60% of total award)
The executive may voluntarily commute up to half of the cash bonus in return for the same value in a Bonus Shares award (or Phantom equivalent) deferred for five years. The deferred shares are eligible for Matching Shares (or Phantom equivalent) vesting after five years subject to conditions (see 3. opposite).

Long-term incentives under the Company Executive Omnibus Incentive Plan (Omnibus Plan)

2. Restricted Shares award (40% of total award)
This 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 Committee to set suitable performance conditions for each award. The performance condition for the most recent award was a combination of:

- 25% relative total shareholder return (TSR)
  - Measured against an asset management peer group over five years.
- 25% investment outperformance
  - Relative to the relevant benchmarks over three and five years.
- 25% growth in assets under management
  - A compound increase in AuM over the five year performance period.
- 25% profitability
  - Ashmore's diluted earnings per share (EPS) performance relative to a comparator index over the five year performance period.

3. 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 condition 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 Bonus Share (or Phantom equivalent) awards and on the portion of Restricted Share and 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 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 a Director prior to their appointment as a Director, the dividend or dividend equivalent payments are made on share awards in full, under previous commitments made to participants.

In addition to the performance condition described above, malus and clawback can be applied to the long-term incentive components during the five-year deferral period, if performance has been materially misstated or there is gross misconduct.

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.

MAXIMUM OPPORTUNITY

The aggregate variable compensation pool for all employees, including executives, is capped, currently at 25% of earnings before variable compensation, interest and tax (EBVCIT). The policy permits the Remuneration Committee to vary this cap if necessary to meet business needs.

The policy is to cap the aggregate sum available for variable compensation rather than to cap individual variable compensation awards, as the capping of individuals is not market practice for most of the Company's peer group.

The high proportion of variable compensation deferral, with vesting after five years and subject in part to ongoing performance conditions, encourages a prudent approach to risk management, in support of the Company's risk and compliance controls.

Differences in Remuneration Policy for Executive Directors compared to 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, whilst the same five-year deferral policy applies, share awards are not subject to additional performance conditions.

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 duties for the Company. Tom Shippey holds two external appointments with companies unconnected to the asset management industry. Save as aforesaid Executive Directors do not presently hold any external appointments with any non Ashmore-related companies unconnected with the asset management industry.

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. 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.

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, 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. The default treatment is that any outstanding awards lapse on cessation of employment. However, in certain prescribed circumstances, such as death, disability, retirement or other circumstances at the discretion of the Remuneration Committee (taking into account the individual's performance and the reasons for their departure), 'good leaver' status can be applied.

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.

Incentive plan discretions

The Remuneration Committee will operate the current share plans in accordance with their respective rules and the policy set out above, and in accordance with the Listing Rules and relevant legislation or regulation. As is consistent with market practice, the Remuneration Committee retains discretion over a number of areas relating to operating and administrating these plans. These include (but are not limited to) the following:

- Who participates in the plans;
- The timing of the grant of an award and/or payment;
- The size of an award and/or a payment within the plan limits approved by shareholders;
- The choice of (and adjustment of) performance measures and targets in accordance with the policy set out above and the rules of each plan (including the treatment of delisted companies for the purpose of the TSR comparator group);
- Discretion relating to the measurement of performance in the event of a change of control or reconstruction;
- Determination of a good leaver (in addition to any specified categories) for incentive plan purposes, based on the rules of each plan and the appropriate treatment under the plan rules; 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.

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.

Reward scenarios

The Company's Policy results in the majority of the remuneration received by the Executive Directors being dependent on performance.

As noted earlier, the policy is not to cap individual awards, but rather the aggregate pool. As such it is not possible to demonstrate maximum remuneration levels. In lieu of this, the minimum (fixed) remuneration is illustrated in Figure 2, which provides an indication of the potential range of total remuneration using the highest and lowest variable pay awards in a rolling five-year period and assuming full vesting, five years later at the grant price, of the long-term incentive components based on upper quartile TSR or equivalent achievement relative to other performance conditions.

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 Code

The Remuneration Committee regularly reviews its Remuneration Policy's compliance with the principles of the Remuneration Codes of the UK financial services regulator, as applicable to Ashmore.

The Remuneration Policy is designed to be consistent with the prudent management of risk, and the sustained, long-term performance of the Company.

Figure 3

Fees policy for the Board Chairman and other Non-executive Directors

Element	Purpose and link to strategy	Operation	Maximum
Board Chairman fee	To pay an all-inclusive basic fee that takes account of the role and responsibilities	The Board Chairman is paid a single fee for all his responsibilities. The level of the fee is reviewed periodically by the Committee, with reference to market levels in comparably sized FTSE companies, and a recommendation is then made to the Board (without the Chairman being present)	The 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-executives are paid a single inclusive basic fee. There are no supplements for Committee Chairmanships or memberships, the fee levels are reviewed periodically by the Chairman and Executive Directors	The 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

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

Figure 4
Remuneration for the year ending 30 June 2016 – audited information
The table below sets out the remuneration received by the Directors in the year ending 30 June 2016.

	Salary and fees		Taxable benefits		Pensions		Cash bonus	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
Executive Directors								
Mark Coombs[1, 2, 6, 7, 8, 9, 10, 12]	**100,000**	100,000	**8,400**	8,388	**9,000**	8,000	**709,009**	465,000
Tom Shippey[1, 5, 7, 8, 12]	**100,000**	100,000	**2,100**	2,088	**15,250**	10,250	**450,000**	300,000
Non-executive Directors								
Hon. Michael Benson[11]	**50,000**	150,000	–	–	–	–	–	–
Nick Land	**73,333**	100,000	–	–	–	–	–	–
Clive Adamson	**46,615**	–	–	–				
David Bennett[3]	**70,404**	40,000	**1,633**	1,672	–	–	–	–
Simon Fraser	**77,340**	60,000	–	–	–	–	–	–
Peter Gibbs	**108,993**	10,000	–	–	–	–	–	–
Dame Anne Pringle DCMG	**60,000**	60,000	–	–	–	–	–	–

1. Benefits for both Executive Directors include membership of the Company medical scheme.
2. Benefits for Mark Coombs include the Company's contribution towards transportation costs in relation to his role, this has been included for the first time this year and information relating to prior periods has been updated to reflect the cost of this benefit.
3. Benefits for David Bennett relate to transportation costs and the associated income tax and national insurance costs in relation to his role, these have been included for the first time this year and information relating to prior periods has been updated to reflect the cost of this benefit.
4. Long-term incentives vesting relates to awards with performance conditions where the performance period has ended in the relevant financial year and payments of dividends or dividend equivalents on such awards prior to their vesting date.
5. In previous years this value for Tom Shippey included the dividends paid on restricted and matching shares. However, as these awards are not subject to performance conditions, under the report regulation requirements this value should not be included. The table has therefore been adjusted to reflect this.
6. In respect of the year ended 30 June 2016, Mark Coombs waived any eligibility for, and any right or expectation to receive, a cash bonus of up to £190,991, which has been excluded from the figure in the table. The waived amount is to be used by the Company for the general benefit of employees. Had he not waived this amount, then Mark Coombs' cash bonus would have been £900,000.

Total bonus award for the year ending 30 June 2016

Chief Executive Officer (CEO) and Group Finance Director (GFD) performance measures

The decision regarding the CEO's bonus award for the year under review was based on annual performance against financial objectives (75%) and achievement of non-financial, business development and management objectives (25%).

The bonus award for the GFD was based on his performance against operational objectives related to the departments he manages (35%), management of subsidiary business activities outside the UK, including joint ventures (25%), corporate development and contribution to business strategy (30%) and investor relations and communication with stakeholders (10%). The performance criteria and performance outcomes for both the CEO and the GFD, as assessed by the Committee, are shown in the table opposite.

As described in detail in other sections of the Annual Report, in many respects the management team and business, led by the CEO and GFD, have performed well this year. Investment performance has been strong, with 69% of AuM outperforming over one year, 63% over three years and 73% over five years. In reaction to the continued period of difficult conditions for emerging markets the CEO and GFD have ensured that operating costs have been tightly controlled and that the Group's seed capital investments have been actively managed resulting in a smaller decline in profit before tax of 8% than might have otherwise been expected. The development of the Group's strategy has also been positive with continued diversification of the business in the Alternatives investment theme and the growth of local asset management activity in Colombia, Indonesia and Saudi Arabia. Continuing negative sentiment towards emerging markets has resulted in a decline in AuM of $6.3bn over the period through net outflows of US$7.5bn and positive performance of US$1.2bn. However, both subscriptions and redemptions improved during the course of the year, as sentiment started to recover towards the year end, after a prolonged period of weakness.

The Remuneration Committee ensures that there is a clear relationship between the Group's performance and the remuneration of the CEO and GFD, and as such annual bonuses for the CEO and GFD were decreased relative to the prior year.

The CEO and CFD's performance during the period, relative to their annual performance measures, would justify higher awards than have been made, but as the overall sum available is reduced as a function of the reduced profitability of the business and the cap on total variable remuneration, the Committee has determined that lower awards are appropriate.

For additional information, Figure 6 shows the history of financial results for the last five years.

Voluntarily deferred share bonus		Mandatorily deferred share bonus[8]		Total bonus		Long-term incentives vesting[4]		*Total for year ending 30 June 2016*	*Total for year ending 30 June 2015*
2016	2015	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
–	900,000	**300,000**	1,050,000	**1,009,009**	2,415,000	**284,932**	462,159	**1,411,341**	2,993,547
–	300,000	**150,000**	350,000	**600,000**	950,000	–	–	**717,350**	1,062,338
–	–	–	–	–	–	–	–	**50,000**	150,000
–	–	–	–	–	–	–	–	**73,333**	100,000
								46,615	–
–	–	–	–	–	–	–	–	**72,037**	41,672
–	–	–	–	–	–	–	–	**77,340**	60,000
–	–	–	–	–	–	–	–	**108,993**	10,000
–	–	–	–	–	–	–	–	**60,000**	60,000

7. Mark Coombs' and Tom Shippey's variable compensation is made up of 60% cash bonus and 40% deferred Restricted Share or Restricted Phantom Share awards. They may commute 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. Mark Coombs and Tom Shippey both chose to commute 50% of their cash bonuses pre waiver in 2015 for an equivalent amount of Bonus Share awards.
8. 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 column labelled Mandatorily Deferred Share Bonus represent the 50% of Restricted and Matching Share awards that do not have additional performance conditions attached. These amounts represent the cash value of shares awarded at grant, which will vest after five years subject to continued employment.
9. 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.
10. Dividends or dividend equivalents were paid relating to voluntarily and mandatorily deferred Share or Phantom Share awards in the period.
11. The Hon. Michael Benson retired from the Board on 22 October 2015.
12. Mark Coombs receives cash in lieu of a pension contribution. Tom Shippey's pension contribution includes an employee contribution via salary sacrifice, in 2015 this was £1,750 and in 2016 this was £5,375.

Figure 5
CEO and GFD performance measures[1]

Executive Director	KPI	Areas considered within KPI	Weighting	Committee assessment
CEO	Business financial performance	To achieve higher than budgeted EBIT, to achieve higher than budgeted growth in AuM and to effectively manage investment performance to deliver consistent growth relative to each unblended investment theme	75%	– Investment performance has been strong through the period in most areas, adding US$1.2bn in AuM – Operating costs have been well managed – EBIT below budget, despite high margins – AuM has been below budget
CEO	Non-financial management performance	Strategy development and implementation, recruitment, staff turnover and succession planning and regulatory and compliance adherence	25%	– Group strategy developing as planned – Personnel matters have been effectively managed, with strong, stable investment and management teams in place – Strong risk management and compliance culture embedded and maintained in all aspects of the business
GFD	Management of departments	Department performance assessed for Finance, Corporate Development, Investor Relations, Company Secretarial and Facilities	35%	– Departments have remained stable with low turnover, and strong, developing teams
GFD	Management of subsidiary business activities outside the UK, including joint ventures	Local asset management business growth and development of profitability and scale, integration of offices and effectiveness of joint venture relationships	25%	– Local asset management businesses developing as planned, with AuM increasing as the businesses mature and develop track records – Areas of underperformance in Local asset management, actively and effectively managed
GFD	Corporate development and contribution to business strategy	Contribution to the development and implementation of strategic goals and increasing value for shareholders	30%	– Instrumental in management of operating costs – Continued support to development of business strategy
GFD	Investor relations and communication	Broadening the shareholder base and communicating effectively with external parties, the Board and all other relevant stakeholders	10%	– An area of strength, with both internal and external relationships and communication managed effectively

Figure 6
Five-year summary of financial results

	2016	2015	2014	2013	2012
AuM US$bn (at period end)	**52.6**	58.9	75.0	77.4	63.7
Operating profit £m	**137.9**	181.0	171.3	232.0	225.1

Figure 7
Long-term incentive awards made during the year ended 30 June 2016 – audited information

Name	Type of award	No. of shares	Date of awards	Share price on date of award (£)	Face value (£)	Face value (% of salary)	Performance period end date
Mark Coombs	Restricted Shares	494,271	22/09/15	£2.4278	£1,199,991	1200%	21/09/20
Mark Coombs	Matching Shares	370,703	22/09/15	£2.4278	£899,993	900%	21/09/20
Tom Shippey	Restricted Shares	164,757	22/09/15	£2.4278	£399,997	400%	21/09/20
Tom Shippey	Matching Shares	123,568	22/09/15	£2.4278	£299,998	300%	21/09/20

Long-term incentive scheme interests awarded during the year ended 30 June 2016

Figure 7 provides details of the long-term incentive awards that were made during the year. 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:

- 25% relative total shareholder return (TSR)
  - Measured against an asset management peer group over five years.
- 25% investment outperformance
  - Relative to the relevant benchmarks over three and five years.
- 25% growth in assets under management
  - A compound increase in AuM over the five year performance period.
- 25% profitability
  - Ashmore's diluted earnings per share (EPS) performance relative to a comparator index over the five year performance period.

The performance conditions vesting scale and TSR peer group are shown in Figures 8 and 9 respectively.

Performance and vesting outcome for the Chief Executive's 2010 LTIP which vested during the year ended 30 June 2016

During the period shares awarded to Mark Coombs in 2010 reached their vesting date. On the vesting date all Bonus shares vested, and the TSR performance condition was applied to the vesting Restricted and Matching shares. The Company's TSR was 4.9% which ranked Ashmore at 18.42 relative to the TSR peer group of 19 companies; the median rank which would have resulted in 25% vesting was 10. Therefore no Restricted or Matching share awards vested.

Performance and vesting outcome for the Group Financial Director's 2010 LTIP which vested during the year ended 30 June 2016

During the period, shares awarded to Tom Shippey in 2010 reached their vesting date. On the vesting date all Bonus, Restricted and Matching shares vested. These awards were not subject to the TSR performance condition as they were awarded prior to his appointment as an Executive Director.

Figure 8
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 3 and 5 years	Zero
	50% of assets outperforming the benchmarks over 3 and 5 years	25%
	Between 50% and 75% of assets outperforming the benchmarks over 3 and 5 years	Straight-line proportionate vesting
	75% or above of assets outperforming the benchmarks over 3 and 5 years	100%
Growth in Assets under Management	Below 5% compound increase in AuM over the 5 year performance period	Zero
	5% compound increase in AuM over the 5 year performance period	25%
	Between 5% and 10% compound increase in AuM over the 5 year performance period	Straight-line proportionate vesting
	10% or above compound increase in AuM over the 5 year performance period	100%
Profitability	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 9
TSR peer group

Company	Country of listing	Company	Country of listing
Aberdeen Asset Management	UK	Henderson Group	UK
Affiliated Managers	USA	Invesco	USA
Alliance Bernstein	USA	Janus Capital	USA
Blackrock	USA	Jupiter Fund Management	UK
CI Financial Income Fund	Canada	Man Group	UK
Eaton Vance	USA	Schroders	UK
Federated Investors	USA	SEI Investments	USA
Franklin Templeton	USA	T Rowe Price	USA
GAM Holding	Switzerland	Waddell and Reed	USA

Note: For awards made in 2015 and onward Partners Group, AGF and Azimut were removed from the peer group and GAM Holding, Jupiter and Man Group were added.

TSR is a well-established and recognised performance measure, which aligns the interests of the Executive Directors with those of shareholders. A comparator group of 18 companies has been selected from the global investment management sector. The Committee reviews the peer group periodically to take account of de-listings, new listings or other sector changes that are relevant.

Outstanding share awards

The table below sets out details of Executive Directors' outstanding share awards.

Figure 10

Outstanding share awards – audited information

Executive	Type of Omnibus award	Date of award	Market price on date of award	Number of shares at 30 June 2015	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2016	Performance period	Vesting/release date
Mark Coombs	RS[1]	29 October 2010	£3.1724	617,829	–	–	617,829	–	5 years	21 September 2015
	RBS[1]	29 October 2010	£3.1724	463,371	–	463,371	–	–	5 years	21 September 2015
	RMS[1]	29 October 2010	£3.1724	463,371	–	–	463,371	–	5 years	21 September 2015
	RS[1]	20 September 2011	£3.9392	649,878	–	–	–	649,878	5 years	19 September 2016
	RBS[1]	20 September 2011	£3.9392	487,409	–	–	–	487,409	5 years	19 September 2016
	RMS[1]	20 September 2011	£3.9392	487,409	–	–	–	487,409	5 years	19 September 2016
	RS	18 September 2012	£3.2926	328,009	–	–	–	328,009	5 years	17 September 2017
	RBS[1]	18 September 2012	£3.2926	246,007	–	–	–	246,007	5 years	17 September 2017
	RMS[1]	18 September 2012	£3.2926	246,007	–	–	–	246,007	5 years	17 September 2017
	RS	17 September 2013	£3.8340	422,536	–	–	–	422,536	5 years	16 September 2018
	RBS	17 September 2013	£3.8340	316,902	–	–	–	316,902	5 years	16 September 2018
	RMS	17 September 2013	£3.8340	316,902	–	–	–	316,902	5 years	16 September 2018
	RS	22 September 2015	£2.4278	–	494,271	–	–	494,271	5 years	21 September 2020
	RBS	22 September 2015	£2.4278	–	370,703	–	–	370,703	5 years	21 September 2020
	RMS	22 September 2015	£2.4278	–	370,703	–	–	370,703	5 years	21 September 2020
Total				**5,045,630**	**1,235,677**	**463,371**	**1,081,200**	**4,736,736**		

1. In respect of the years ending 30 June 2010, 30 June 2011, 30 June 2012 and 30 June 2013, Mark Coombs chose to waive 30%, 20%, 10% and 10% respectively of any element of his potential variable remuneration award in return for the Remuneration Committee considering and approving a contribution to charity or charities nominated by himself. The 'Number of shares at 30 June 2015', 'Granted during year' and 'Number of shares at 30 June 2016' 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.

Executive	Type of Omnibus award	Date of award	Market price on date of award	Number of shares at 30 June 2015	Granted during year	Vested during year	Lapsed during year	Number of shares at 30 June 2016	Performance period	Vesting/release date
Tom Shippey	NDRS	21 September 2010	£3.1724	78,805	–	78,805	–	–	5 years	21 September 2015
	NDBS	21 September 2010	£3.1724	59,104	–	59,104	–	–	5 years	21 September 2015
	NDMS	21 September 2010	£3.1724	59,104	–	59,104	–	–	5 years	21 September 2015
	NDRS	20 September 2011	£3.9392	215,780	–	–	–	215,780	5 years	19 September 2016
	NDRS	18 September 2012	£3.2926	78,965	–	–	–	78,965	5 years	17 September 2017
	NDBS	18 September 2012	£3.2926	59,224	–	–	–	59,224	5 years	17 September 2017
	NDMS	18 September 2012	£3.2926	59,224	–	–	–	59,224	5 years	17 September 2017
	NDRS	17 September 2013	£3.8340	70,423	–	–	–	70,423	5 years	16 September 2018
	NDBS	17 September 2013	£3.8340	52,817	–	–	–	52,817	5 years	16 September 2018
	NDMS	17 September 2013	£3.8340	52,817	–	–	–	52,817	5 years	16 September 2018
	RS	30 September 2014	£3.0900	58,253	–	–	–	58,253	5 years	29 September 2019
	BS	30 September 2014	£3.0900	43,690	–	–	–	43,690	5 years	29 September 2019
	MS	30 September 2014	£3.0900	43,690	–	–	–	43,690	5 years	29 September 2019
	RS	22 September 2015	£2.4278	–	164,757	–	–	164,757	5 years	21 September 2020
	BS	22 September 2015	£2.4278	–	123,568	–	–	123,568	5 years	21 September 2020
	MS	22 September 2015	£2.4278	–	123,568	–	–	123,568	5 years	21 September 2020
Total				**931,896**	**411,893**	**197,013**	**0**	**1,146,776**		

KEY

RS – Restricted Shares

BS – Bonus Shares

MS – Matching Shares

RBS – Restricted Bonus Shares

RMS – Restricted Matching Shares

NDRS – Restricted Shares awarded whilst not a Director

NDBS – Bonus Shares awarded whilst not a Director

NDMS – Matching Shares awarded whilst not a Director

The Company's obligations under its employee share plans can be met by newly issued shares in the Company, or shares purchased in the market by the trustees of the Employee Benefit Trust (EBT). As detailed in the Business review, the EBT continues to make market purchases of shares to satisfy awards.

The overall limits on new issuance operated under the existing share plans were established on the listing of the Company in 2006. Under these agreed limits, the number of shares which may be issued in aggregate under employee share plans of the Company over any 10 year period following the date of the Company's Admission in 2006 is limited to 15% of the Company's issued share capital. As at 30 June 2016, the Company had 5.8% of the Company's issued share capital outstanding under employee share plans to its staff. All of the awards made to date have been 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.

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. Although there is no formal shareholding requirement, the Executive Directors have substantial interests in Company shares.

Figure 11

Share interests of Directors and connected persons at 30 June 2016 – audited information

	Beneficially owned	Outstanding Restricted and Matching Share awards[1]	Outstanding voluntarily deferred Bonus Share awards	Total interest in shares[3]
Executive Directors				
Mark Coombs	283,882,891	3,315,715	1,421,021	288,619,627
Tom Shippey[2]	120,000	867,477	279,299	1,266,776
Non-executive Directors				
Clive Adamson	0	–	–	0
David Bennett	10,000	–	–	10,000
The Hon. Michael Benson	29,000	–	–	29,000
Simon Fraser	25,000	–	–	25,000
Peter Gibbs	50,000	–	–	50,000
Nick Land	43,000	–	–	43,000
Dame Anne Pringle DCMG	3,595	–	–	3,595

1. Outstanding Restricted Shares and Matching Shares awarded in 2011, 2012, 2013 and 2014 are subject to performance conditions. Half of the Restricted Shares and Matching Shares awarded in 2015 are subject to performance conditions.
2. Restricted and Matching Share awards made to Tom Shippey prior to his appointment as a Director are not subject to performance conditions.
3. Save as described above there have been no other changes in the shareholdings of the Directors between 30 June and 5 September 2016. The Directors are permitted to hold their shares as collateral for loans with the express permission of the Board. Tom Shippey and his connected persons have granted security over 120,000 Ashmore Group plc shares as part of a pre-existing credit facility.

Percentage change in the remuneration of the Chief Executive Officer

Figure 12

Comparison of percentage change in salary, benefits and annual bonus

	2015 to 2016 % change
Chief Executive base salary	0%
Relevant Comparator employees' base salary	4%
Chief Executive taxable benefits	0%
Relevant Comparator employees' taxable benefits	1%
Chief Executive annual bonus	-50%
Relevant Comparator employees' annual bonus	-13%

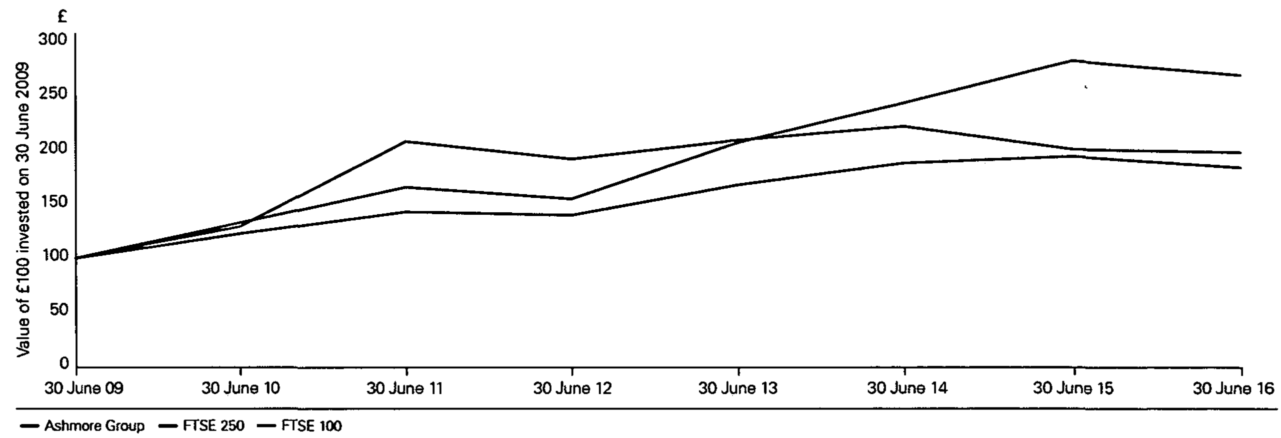
Figure 12 compares the percentage change from 2015 to 2016 in remuneration elements for the Chief Executive with the average year-on-year change across relevant comparator employees as a whole. Relevant employees are full-time employees of Ashmore Group who have been employed throughout the full performance year. Figures do not include amounts of cash waived to charity or for the general benefit of employees.

Performance chart

Figure 13 shows the Company's TSR performance (with dividends reinvested) against the performance of the relevant indices for the last seven years. 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 2009 was worth £196.70 six years later, compared with £182.80 for the same investment in the FTSE 100 index, and £267.20 for the same investment in the FTSE 250 index.

Figure 13

Total return performance chart to 30 June 2016



Source: Thomson Reuters

Figure 14 shows the total remuneration figure for the Chief Executive Officer during each of the financial years shown in the TSR chart. The total remuneration figure includes the annual bonus and LTI awards which vested based on performance in those years. As there is no cap on the maximum individual bonus award, a percentage of maximum annual bonus is not shown.

Figure 14

Chief Executive – audited information

Year ended 30 June	Salary	Benefits	Pension[5]	Cash bonus[1,2]	Performance-related Restricted and Matching Phantom Shares vested[3]	Percentage of Restricted and Matching Phantom Shares vested[4]	Total
2016	£100,000	£8,400	£9,000	£709,009	£284,932	N/A	£1,111,341
2015	£100,000	£8,388	£8,000	£1,365,000	£462,159	N/A	£1,943,547
2014	£100,000	£8,934	£7,000	–	£452,386	N/A	£568,320
2013	£100,000	£9,330	£7,000	£2,430,000	£421,668	N/A	£2,967,998
2012	£100,000	£9,322	£7,000	£1,620,000	£323,677	N/A	£2,059,999
2011	£100,000	£8,967	£7,000	£3,840,000	£145,962	N/A	£4,101,929
2010	£100,000	£8,972	£7,000	£2,940,000	–	N/A	£3,055,972
2009	£100,000	£12,175	£7,000	–	–	N/A	£119,175

1. Figures do not include amounts of cash, voluntarily deferred Bonus Shares or Phantom Bonus Shares or dividend equivalents waived to charity or for the general benefit of employees. Voluntarily deferred Bonus Shares or Phantom Bonus Shares which are waived to charity will result in a cash payment to the charity, on the vesting date, of a sum equivalent to the market value of the number of waived Bonus Shares or Phantom Bonus Shares vesting on that date. During the restricted period the charity will receive any dividends or dividend equivalents associated with any waived Bonus or Phantom Bonus Shares awarded prior to 2013.
2. In respect of the year ended 30 June 2016, Mark Coombs waived any eligibility for, and any right or expectation to receive a cash bonus of up to £190,911, which has been excluded from the figure in the table. The waived amount is to be used by the Company for the general benefit of employees. Had he not waived this amount, then Mark Coombs' cash bonus would have been £900,000.
3. Mark Coombs' variable compensation is made up of 60% cash bonus and 40% deferred Restricted Share or Phantom Restricted Share awards. He may commute up to 50% of his cash bonus in favour of an equivalent amount of Bonus Share or Phantom Bonus Share awards which then attract an equivalent value in Matching Share or Phantom Matching Share awards. All awards will be reported in the Directors' Share and Phantom Share award tables in the year of grant. Mark Coombs received dividend equivalents related to his Share or Phantom Share awards granted for years prior to 2013.
4. No performance-related Restricted and Matching or Phantom Share equivalent awards have vested during the periods shown. The sums shown relate to dividends or dividend equivalents paid on Share or Phantom Share awards.
5. Mark Coombs receives a cash allowance of equivalent value in lieu of pension contributions.
6. Benefits for Mark Coombs includes the Company's contribution towards transportation costs in relation to his role, this has been included for the first time this year and information relating to prior periods has been updated to reflect the cost of this benefit.

Figure 15 shows the relative movement in profits, total staff costs and dividends to shareholders, year-on-year.

Figure 15
Relative importance of spend on pay

Metric	2016	2015	2015 to 2016 % change
Remuneration paid to or receivable by all employees of the Group (i.e. accounting cost)	**58.1**	65.7	(11%)
Average headcount	**277**	293	(5%)
Distributions to shareholders (dividends and/or share buybacks)	**116.1**	114.0	2%

Statement on implementation of Remuneration Policy in the year commencing 1 July 2016

The Remuneration Committee intends to continue to apply broadly the same metrics and weightings to annual variable remuneration in the year ending 30 June 2017.

For long-term incentive awards (half of any Restricted Shares, Matching Shares and their Phantom equivalents), the Remuneration Committee intends to continue to apply the four performance conditions as in the prior period, these being relative TSR, (subject to any changes to the peer group that may be necessary to take account of de-listings, new listings or other sector changes that are relevant), investment performance, assets under management and profitability.

Membership of the Remuneration Committee

The members of the Remuneration Committee are listed in the table below. All of these are independent Non-executive Directors, as defined under the Corporate Governance Code, with the exception of the Company Chairman who was independent on his appointment.

Remuneration Committee attendance

	Percentage of meetings attended out of potential maximum
Nick Land	100%
Simon Fraser	100%
The Hon. Michael Benson	100%
Dame Anne Pringle DCMG	100%
Peter Gibbs	100%
David Bennett	100%

The Hon. Michael Benson attended all Committee meetings prior to his retirement as a Director on 22 October 2015. Nick Land stepped down from the Committee effective from 22 October 2015.

The Company's CEO attends the meeting by invitation and assists the Remuneration Committee in its decision making, except when his personal remuneration is discussed. No Directors are involved in deciding their own remuneration. The Company Secretary acts as Secretary to the Remuneration Committee. Other executives may be invited to attend as the Remuneration Committee requests.

External advisers

The Remuneration Committee received independent advice from New Bridge Street (NBS) consultants throughout the period from 1 July 2015 to 30 June 2016. NBS abides by the Remuneration Consultants' Code of Conduct, which requires it to provide objective and impartial advice. NBS' fees for the year ending 30 June 2016 were £24,547. The Company participates in the McLagan Partners compensation survey from which relevant data is provided to the Remuneration Committee. Neither of the above provide other services to the Company.

Statement of shareholder voting

At last year's AGM, the Directors' Remuneration Report received the following votes from shareholders:

Figure 16
Shareholder voting – Remuneration Report

	2015 AGM resolution to approve the Directors' Remuneration Report for the year ended 30 June 2015	% of votes cast
Votes cast in favour	483,099,146	89.70%
Votes cast against	55,485,785	10.30%
Total votes cast	538,584,931	100.00%
Abstentions	4,239,168	N/A

Approval

This Directors' Remuneration report including both the Directors' Remuneration Policy and the Annual Report on Remuneration have been approved by the Board of Directors.

Signed on behalf of the Board of Directors.

Simon Fraser
Chairman of the Remuneration Committee

5 September 2016

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the Group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and parent company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU 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 their profit and 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 and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic report, Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Peter Gibbs
Chairman

5 September 2016

The Directors present their annual report and financial statements for the year ended 30 June 2016.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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 2016 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 can be found in the financial highlights on the inside front cover, the Chief Executive Officer's review on pages 13 to 15, the Business review on pages 24 to 29 and the Corporate governance report on pages 46 to 53.

The principal risks facing the business and risk management policy are detailed on pages 32 to 37 and in the Corporate governance report on pages 46 to 53.

Results and dividends

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 78.

The Directors recommend a final dividend of 12.10 pence per share (FY2014/15: 12.10 pence) which, together with the interim dividend of 4.55 pence per share (FY2014/15: 4.55 pence) already declared, makes a total for the year ended 30 June 2016 of 16.65 pence per share (2015: 16.65 pence). Details of the interim dividend payment are set out in note 14 to the financial statements.

Subject to approval at the Annual General Meeting, the final dividend will be paid on 2 December 2016 to shareholders on the register on 4 November 2016 (the ex-dividend date being 3 November 2016).

Related party transactions

Details of related party transactions are set out in note 29 to the financial statements.

Post-balance sheet events

Save as described in note 31 to the financial statements there were no post-balance sheet events that required adjustment or disclosure herein.

Directors

The members of the Board together with biographical details are shown on page 45. With the exception of Clive Adamson who was appointed on 22 October 2015, all members of the Board served as Directors throughout the year.

Details of the service contracts of the current Directors are described in the Directors' remuneration policy on page 58.

Details of the constitution and powers of the Board and its committees are set out in the Corporate governance report on pages 46 to 53. The Corporate governance report also summarises the Company's rules concerning appointment and replacement of Directors.

Board diversity

The Board has noted the recommendations of the Davies Report issued in February 2011 relating to Board diversity. The Nominations Committee considers diversity, including the balance of skills, experience, gender and nationality, amongst many other factors, when reviewing the appointment of new Directors but does not consider it appropriate to establish targets or quotas in this regard. The Board currently consists of two Executive and six Non-executive Directors of whom one is female.

The Nominations Committee from time to time engages the services of an external search consultant for the purpose of seeking new candidates for Board membership, conditional upon such consultant having no connection to the Company.

Insurance and indemnification of Directors

Directors' and officers' liability insurance is maintained by the Company for all Directors. To the extent permissible by law, the Articles of Association also permit the Company to indemnify Directors and former Directors against any liability incurred whilst serving in such capacity.

Directors' conflicts of interests

Since October 2008, the Companies Act 2006 has imposed upon Directors a new statutory duty to avoid unauthorised conflicts of interest with the Company. The Company has adopted revisions to its Articles of Association which enable Directors to approve conflicts of interest and which 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 58, 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 65 within the Annual report on remuneration.

Significant agreements with provisions applicable to a change in control of the Company

Save as described, there are no agreements in place applicable to a change in control of the Company.

Resolution 18 in the Notice of Annual General Meeting will seek approval from shareholders to a waiver of the provisions of Rule 9 of the Takeover Code in respect of the obligation that could arise for Mark Coombs to make a mandatory offer for the Company in the event that the Company exercises the authority to make market purchases of its own shares. Further details are contained in the separate Notice of AGM.

Substantial shareholdings

The Company has been notified of the following significant interests in accordance with the Financial Conduct Authority's (FCA) Disclosure and Transparency Rules (other than those of the Directors which are disclosed separately on page 65) in the Company's ordinary shares of 0.01 pence each as set out in the table below.

Substantial shareholdings (disclosed in accordance with DTR5)

	Number of voting rights disclosed as at 30 June 2016	Percentage interests[2]	Number of voting rights disclosed as at 5 September 2016	Percentage interests[3]
Overseas Pensions and Benefits Limited (formerly Carey Pensions and Benefits Limited) as Trustees of the Ashmore 2004 Employee Benefit Trust[1]	**35,824,935**	5.06	**35,824,935**	5.06
Schroders plc	**34,589,104**	4.89	**34,589,104**	4.89
Allianz Global Investors GmbH	**32,695,220**	4.62	**32,695,220**	4.62
UBS Group AG	**27,343,929**	3.87	**27,343,929**	3.87
Artemis Investment Management LLP	**35,630,541**	5.03	**33,951,213**	4.80

1. In addition to the interests in the Company's ordinary shares referred to above, each Director and employee of the Group has an interest in the Company's ordinary shares held by Overseas Pensions and Benefits Limited (formerly Carey Pensions and Benefits Limited) under the terms of the Ashmore 2004 Employee Benefit Trust (EBT). The voting rights disclosed for the EBT in this table reflect the last notification made to the Company in accordance with DTR5. The actual number of shares held by the EBT at 30 June 2016 is disclosed in note 23 on page 113 of the accounts.
2. The shareholding of Mark Coombs, a Director and substantial shareholder, is disclosed separately on page 65.
3. Percentage interests are based upon 707,372,473 shares in issue (which excludes 5,368,331 shares held in Treasury) (2015: 707,372,473 shares in issue which excluded 5,368,331 in Treasury).

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 trading 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 also posted. The Chief Executive Officer and Group Finance Director make regular reports to the Board on investor relations and on specific discussions with major shareholders and the Board receives copies of all research published on the Company.

The 2016 Annual General Meeting will be attended by all Directors, and the Chairmen of the Audit and Risk, Nominations and Remuneration Committees will be available to answer questions. Private investors are encouraged to attend the Annual General Meeting.

The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer or Group Finance Director has failed to resolve or for which such contact is inappropriate.

The Company continues to offer major shareholders the opportunity to meet any or all of the Chairman, the Senior Independent Director and any new Directors.

The Group will announce via a regulatory information service the number of proxy votes cast on resolutions at the Annual General Meeting and any other general meetings.

Share capital

The Company has a single class of share capital which is divided into 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 2016 is 712,740,804 shares in issue (of which 5,368,331 shares are 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) after failure to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts. Votes may be exercised in person or by proxy.

The Articles 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. The Company is, until the date of the next Annual General Meeting, generally and unconditionally authorised to buy back up to 35,368,623 of its own issued shares. The Company retains a total of 5,368,331 shares for Treasury which were acquired at an average price of 129 pence per share. The Company is seeking a renewal of the share buyback authority at the 2016 Annual General Meeting.

Power to issue and allot shares

The Directors are generally and unconditionally authorised to allot unissued shares in the Company up to a maximum nominal amount of £23,579.08 (and £47,158.16 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 £7,073.72,without regard to the pre-emption provisions of the Companies Acts. No such shares have been issued or allotted under these authorities, nor is there any current intention to do so, other than to satisfy outstanding obligations under the employee share schemes where necessary.

These authorities are valid until the date of the next Annual General Meeting. A resolution for the renewal of such authorities will be proposed at the 2016 Annual General Meeting.

Employees

Details of the Company's employment practices (including the employment of disabled persons) can be found in the corporate social responsibility section on pages 38 to 44.

Overseas Pensions and Benefits Limited (formerly Carey Pensions and Benefits Limited) as trustee of the Ashmore 2004 Employee Benefit Trust has discretion as to the exercise of voting rights over shares which it holds in respect of unallocated shares, namely those shares in which no employee beneficial interests exist.

Corporate governance

The Company is governed according to the applicable provisions of company law and by the Company's Articles. As a listed company, the Company must also comply with the Listing Rules and the Disclosure and Transparency Rules issued by the United Kingdom Listing Authority (UKLA). Listed companies are expected to comply as far as possible with the Financial Reporting Council's UK Corporate Governance Code, and to state how its principles have been applied. A report on corporate governance and compliance with the provisions of the Code is set out on pages 46 to 67. The Company complied throughout the accounting period under review with all the relevant provisions set out in the Code.

Mandatory greenhouse gas emissions reporting

Companies listed on the Main Market of the London Stock Exchange are required to report their Greenhouse Gas emissions (GHGs) in their Annual Report. The following is a summary of this information which is also reflected in Ashmore's separate Corporate Social Responsibility Report.

Operational control methodology

Ashmore has adopted the operational control method of reporting. The emissions reported below are for the 12 global offices around the world where Ashmore exercises direct operational control. These office emissions are those which are considered material to Ashmore.

Emission scopes

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

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

Exclusions

Whilst every effort has been made to collect full and consistent data from all international offices, in some cases information was not available. The following approaches were therefore taken to account for this:

- A new office has opened in Dubai. No data was available for this site, which has only been operating since January 2016. Travel data for this office was not included.
- A number of offices provided data for the whole building, in all cases we have used the total floor area of the building and the floor area occupied by the Ashmore Group to create a ratio – using this, the total emissions have been estimated and apportioned.
- Where possible, missing data was pro-rated where less than 12 months' data was available or, where no country data was available, 2014/15 data was used instead.
- Missing, or anomalous, water data was estimated using an average consumption figure of 15m^3 per full-time employee, as sourced from a UK-based water company. This figure is broadly consistent with the average per employee consumption of those offices which were able to provide data.
- The New York office's electricity consumption was provided in dollars, an average cost per kWh was used to estimate the total kWh consumption.
- Where offices were not able to provide any waste data for their buildings it was not deemed appropriate to estimate their waste data, due to the uncertainties surrounding the varying nature of building sizes, modes of working and cities' waste disposal infrastructure amongst other factors. It has also not been possible to convert data supplied in litres, as density of the waste is unknown and necessary to make this calculation.

Methodology

All data has been collected and analysed in line with the GHG Protocol Corporate Accounting and Reporting Standard[3]. UK Government 2016 emission factors[4] have been applied for all calculations, except the international offices' electricity consumption, for which the International Energy Agency's 2015 emissions factors[5] were used.

The data inputs and outputs have been reviewed by Ricardo Energy & Environment on behalf of Ashmore.

1. Ashmore's Scope 1 emissions relate to gas combustion and refrigerant usage.
   Ashmore's Scope 2 emissions relate to purchased electricity.
   Ashmore's Scope 3 emissions relate to water usage, air travel and office waste.
2. www.ghgprotocol.org/files/ghgp/Scope%202%20Guidance_Final.pdf
3. http://www.ghgprotocol.org/
4. All UK related emissions factors have been selected from the emissions conversion factors published annually by UK Government.: https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2016
5. All international electricity emissions factors were taken from the International Energy Agency's statistics report "CO_2 Emissions from Fuel Combustion" (2015 Edition). Purchased under licence.

Ashmore's Emissions by Scope

Scope	Source	Tonnes CO_2e 2015/16	Absolute totals Tonnes CO_2e (2015/16)	Tonnes CO_2e 2014/15	Absolute totals Tonnes CO_2e (2014/15)
Scope 1	Natural gas	**20.0**	**20.5**	37.5	39.8
Scope 1	Refrigerants	**0.5**		2.3	
Scope 2	Electricity – location based	**587.7**	**587.7**	443.0	443.0
Scope 2	Electricity – market based[1]	**622.1**	**622.1**		
Scope 3	Air travel	**1449.2**	**1458.2**	1,528.3	1,534.7
Scope 3	Water	**4.0**		4.4	
Scope 3	Waste	**5.0**		2.1	
Total			**2,100.7**		2,017.6 (using market based Scope 2 emissions)

Ashmore's emissions

Though levels of air travel have fallen since last year, this still accounts for the greatest amount of overall emissions (1,449 tonnes CO_2e, 69%). Around 30% of Ashmore's emissions come from purchased electricity across the business (622 tonnes CO_2e). Waste, water and refrigerants (based on the data available) account for the lowest levels of emissions.

Emissions have also been calculated using an 'intensity metric', which enables Ashmore to monitor how well it is controlling emissions on an annual basis, independent of fluctuations in the levels of its activity. As Ashmore is a people business, the most suitable metric is 'emissions per full-time equivalent (FTE) employee'. Ashmore's emissions per person are shown in the table below. Due to the overall increase in emissions, tonnes of CO_2e emitted per employee have also risen slightly since last year[2].

Emissions per full-time employee

	Tonnes CO_2e/ employee (2015/16)	Tonnes CO_2e/ employee (2014/15)
Scope 1	0.1	0.1
Scope 2[3]	2.4	1.6
Scope 3	5.6	5.5
Total	**8.0**	7.3[4]

1. This figure is based on a combination of market based and location based emission factors. Market based emissions factors were provided for four Ashmore offices which were able to provide accompanying electricity consumption data: Japan, UK, Turkey and Colombia CAF. This figure uses the market based emission factors for these four offices. All other offices' Scope 2 emissions are calculated using the location based factor. This figure is hereafter referred to as 'market-based emissions'.
2. FTE 2014/15 = 277.5 employees; FTE 2015/16 = 274 employees
3. Using market based emissions
4. There has been a negligible increase (0.1 tonnes/employee) to the total intensity metric due to the corrections made to the 2014/15 totals.
5. Using market based emissions

Charitable and political contributions

During the year, the Group made charitable donations of £0.1 million (FY2014/2015: £0.1 million). The work of the Ashmore Foundation is described in the corporate social responsibility section of this report on pages 38 to 44. 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 is 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 2016, the amount owed to the Group's trade creditors in the UK represented approximately 15 days' average purchases from suppliers (FY2014/15: 19 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 Company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as Directors to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Resolutions will be proposed at the Annual General Meeting to reappoint KPMG LLP as auditor and to authorise the Directors to agree their remuneration. Note 11 to the financial statements sets out details of the auditor's remuneration.

2016 Annual General Meeting

The 2016 Annual General Meeting of the Company will be held at 12.00 noon on Friday 21 October 2016 at Kingsway Hall Hotel, 66 Great Queen Street, London WC2B 5BX. Details of the resolutions to be proposed at the Annual General Meeting are 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 is set out on pages 13 to 37.

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 69 to 73 inclusive has been drawn up and presented in accordance with and in reliance on English company law and the liabilities of the Directors in connection with that report shall be subject to the limitations and restrictions provided by such law.

References in this Directors' report to the financial highlights, the Business review, the Corporate governance report and the Remuneration report are deemed to be included by reference in this Directors' report.

Approved by the Board and signed on its behalf by:

Michael Perman
Company Secretary

5 September 2016

Independent Auditor's report to the members of Ashmore Group plc only
Year ended 30 June 2016

Opinions and conclusions arising from our audit

Our opinion on the financial statements is unmodified

We have audited the financial statements of Ashmore Group plc for the year ended 30 June 2016 set out on pages 78 to 121. 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 2016 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation.

Our assessment of risks of material misstatement

We summarise below the risks of material misstatement (unchanged from 2015) that had the greatest effect on our audit (in decreasing order of audit significance), our key audit procedures to address those risks 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. Our findings are the result of procedures undertaken in the context of and solely for the purpose of our statutory audit opinion on the financial statements as a whole and consequently are incidental to that opinion, and we do not express discrete opinions on separate elements of the financial statements.

Management fee rebates £40.5 million (2015: £40.5 million) Risk vs 2015: ◄ ►
Refer to pages 49 to 52 (Audit and Risk Committee report) and page 90 (accounting policy) and note 6 of the financial statements disclosures.

The risk:

- Individual investment management agreements include bespoke complex rebate calculations and these calculations are subject to periodic alterations which increases the risk of error in the determination of net revenue. The Group uses a system to automate the calculation for a majority of management fee rebates. This is one of the key areas that our audit is concentrated on because of the need to keep the data used for these calculations up to date and to ensure that the calculations are performed in accordance with the relevant agreements.

Our response in terms of rate accuracy:

- For calculations performed on the system, we evaluated controls around ensuring the fee rebate rates used are accurate and up to date.

  Changes to the rebate rates contained in the system are entered by the legal team but the change is not effected until approvals are made within the system by authorised individuals from the distribution and finance teams. We evaluated the system control by reviewing the systems log for a selection of changes made.

  The rebate rates data used in rebate calculations is maintained on a separate table that is reviewed and approved by three teams: legal, distribution and finance on a semi-annual basis. We assessed the design of the control by evaluating the approval process. We assessed the operating effectiveness of the control by inspecting the evidence of review and approval. We also agreed a selection of the rebate rates contained in the table to the original investment management agreements.
- For calculations performed outside of the system, we agreed the rates used to the rebate rates table for a selection of calculations, in order to determine that the rates in the table were used in the calculation.

Our response in terms of calculation complexity:

- For calculations performed outside the system, we performed recalculations for the rebates on a sample basis.
- For calculations performed on the system, we performed testing over user access and authorisation controls and testing of changes through inspection of approval documentation and system configurations/records. We also performed testing of the interface between the rebate calculation system and the third-party service provider who provides the assets under management data for the purpose of rebate calculations as well as the system generated reports through retrieving system data and records to ascertain the completeness and accuracy of the interface process and reports.

Our findings:

- Our testing did not identify any deviations in controls that would have required us to amend the nature or scope of our planned detailed test work. We found no errors in the calculations above the materiality level over which we are required to report to the Group Audit and Risk Committee.

Classification of seed capital investments £238.5 million (2015: £207 million) Risk vs 2015: ◄ ►
Refer to pages 49 to 52 (Audit and Risk Committee report), pages 88-89 (accounting policy) and note 20 of the financial statements disclosures.

The risk:

- The Group invests in funds that are managed by Group subsidiaries. If the Group has control over the funds invested, they need to be consolidated into the Group's financial statements. When determining whether the Group controls the underlying funds, the strength of the linkage between the Group's power to influence the funds' operations and the variable returns received by the Group is one of the key judgmental areas that our audit is concentrated on, because there is a risk that the Group could incorrectly assess the strength of the linkage, leading to an incorrect decision on whether the seed capital investments should be consolidated.

Our responses:

- We critically assessed the Directors' rationale for determining the linkage between the power and the variable returns for each seed capital investment. We assessed against the accounting standard the framework that the Directors designed for identifying combinations of different levels of economic interests in funds and strength of other investors' rights to replace the Group as the investment manager, that constitute control. Since the accounting standard does not include preset levels for these combinations, we assessed the appropriateness of the Directors' threshold combinations by comparing it to the industry normal practice. We agreed the aggregate economic interest (including direct holdings, indirect holdings, management fees and performance fees where relevant) held by the Group to funds legal documents and independent confirmations from fund administrators. We also assessed the strength of other investors' rights by reference to the funds legal documents and agreeing the number of investors in each fund to the fund administrators' reports.
- We also assessed whether the Group's disclosures on the classification of seed capital investment reflect the Group's involvement in each fund.

Our findings:

- We found that the Group's judgments made in determining these classifications were balanced, and that the disclosures on the basis of classification judgments are proportionate. We found no errors in the holdings above the materiality level over which we are required to report to the Group Audit and Risk Committee.

Intangible assets £12.4 million (2015: £14.1 million)
Risk vs 2015: ◄ ►

Refer to pages 49 to 52 (Audit and Risk Committee report), page 87 (accounting policy) and note 15 of the financial statements disclosures.

The risk:

- Intangible assets consist of management contracts acquired with Ashmore Equities Investment Management (US), LLC in 2011. They are reviewed for impairment using a value in use model, the outcome of which could vary significantly if different inputs were applied. There are a number of inputs used to determine the value in use, including the operating margin, the net management fee margin, the net subscription rate, the investment performance, the tax rate and the discount rate. Operating margin, net subscription rate and investment performance are key judgemental areas and those which our audit is concentrated on because the value of the intangible assets is sensitive to these three assumptions.

Our responses:

- Our audit procedures included comparison of the net subscription rates to the actual results in the year ended 30 June 2016. We also compared the investment performance assumption used to the actual performance in the year ended 30 June 2016 as well as the market based performance indices. We compared the forecast operating margin used to actual operating margins in the current and prior periods.
- We performed break-even and stress analysis on the assumptions to assess the alternative assumptions that would be needed to cause impairment.

Our findings:

We found the resulting estimates to be balanced.

Share-based payments £10.7 million (2015:£24.5 million)
Risk vs 2015: ◄ ►

Refer to pages 49 to 52 (Audit and Risk Committee report), pages 54 to 67 (Remuneration report), page 90 (accounting policy) and note 10 of the financial statements disclosures.

The risk:

- The Group issues share awards to employees under a number of share-based compensation plans. The number of shares that vest for Executive Directors are subject to the relative total shareholder return (TSR) condition over the vesting period, being the Group's TSR in comparison to its peer group as defined by the Remuneration Committee. This is one of the key judgmental areas that our audit is concentrated on because of the judgments involved in determining the likelihood of the TSR condition being met.

Our responses:

- We assessed the Directors' basis for determining the impact of the TSR condition at the start of the vesting period (for both equity and cash-settled share-based schemes) and at the end of the period (applicable only to the cash-settled schemes) by critically assessing reports prepared for the Directors by a third party remuneration consultant.
- We assessed the objectivity and competency of the third-party remuneration consultant. We critically reviewed the estimation made by the remuneration consultant on the likelihood of the TSR conditions being met. We traced the estimation made by the remuneration consultant on the proportion of shares which is expected to vest at the end of the vesting period, as a function of the likelihood of the TSR condition being met, to those used by the Directors in their determination of the charge of share based payment schemes.
- We also assessed whether the disclosure in relation to the schemes in the Remuneration Report is sufficient, in particular around the impact of the TSR condition on the shares vested for Executive Directors.

Our findings:

- We had no concerns with the objectivity and competence of the third-party consultant. We found the resulting estimates on the proportion of shares which is expected to vest at the end of the vesting period to be balanced and Remuneration Report disclosures to be proportionate.

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 £6.75 million (2015: £8.9 million), determined with reference to a benchmark of Group profit before tax, of which it represents 4% (2015: 5%).

We reported to the Group Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £0.3 million (2015: £0.4 million), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Of the Group's 39 reporting components (2015: 38 components), we subjected 6 (2015: 5) to audits for group reporting purposes. These audits covered 99% (2015: 98%) of total Group revenue; 97% (2015: 94%) of Group profit before taxation; and 97% (2015: 95%) of total Group assets.

For the remaining components, we performed analysis at an aggregated group level to re-examine our assessment that there were no significant risks of material misstatement within these.

The Group audit team set the component materialities which ranged from £0.4 million to £4.1million (2015: £0.9 million to £6.1 million) having regard to the mix of size and risk profile of the Group across the components. The work on the components was performed by the Group audit team.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006;
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the information given in the Corporate governance section set out on pages 46-53 with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the Directors' longer-term viability statement on page 34, concerning the principal risks, their management, and, based on that, the Directors' assessment and expectations of the Group's continuing in operation over the three years to 30 June 2019; or
- the disclosures in note 2 of the financial statements concerning the use of the going concern basis of accounting.

We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and 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; or
- the Group Audit and Risk Committee report in the Governance section does not appropriately address matters communicated by us to the Group Audit and Risk Committee.

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; or
- a Corporate Governance Statement has not been prepared by the company.

Under the Listing Rules we are required to review:

- the Directors' statements in relation to going concern set out on page 73 and longer-term viability statement on page 34; and
- the part of the Corporate governance section relating to the company's compliance with the eleven provisions of the 2014 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Statement of Directors' responsibilities set out on page 68, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014b, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

J. M. Mills

Jonathan Mills (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
5 September 2016

www.kpmg.com/uk/auditscopeukco2014a

Consolidated statement of comprehensive income
For the year ended 30 June 2016

	Notes	2016 £m	2015 £m
Management fees		**197.1**	250.2
Performance fees		**10.4**	13.3
Other revenue		**4.1**	4.6
Total revenue		**211.6**	268.1
Distribution costs		**(1.2)**	(2.9)
Foreign exchange	7	**22.1**	18.1
Net revenue		**232.5**	283.3
Gains/(losses) on investment securities	20	**(5.7)**	(3.6)
Change in third-party interests in consolidated funds	20	**3.4**	0.8
Personnel expenses	9	**(59.7)**	(67.2)
Other expenses	11	**(32.6)**	(32.3)
Operating profit		**137.9**	181.0
Finance income	8	**31.7**	7.0
Finance expense	8	**(0.4)**	(5.1)
Share of losses from associates and joint ventures	27	**(1.7)**	(1.6)
Profit before tax		**167.5**	181.3
Tax expense	12	**(38.8)**	(41.3)
Profit for the year		**128.7**	140.0
Other comprehensive income, net of related tax effect			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences arising on foreign operations		**27.5**	9.7
Fair value reserve (available-for-sale financial assets):			
Net change in fair value		**1.1**	3.2
Net amount transferred to profit or loss		**0.3**	(1.1)
Cash flow hedge intrinsic value gains/(losses)		**(3.9)**	(1.9)
Other comprehensive income, net of tax		**25.0**	9.9
Total comprehensive income for the year		**153.7**	149.9
Profit attributable to:			
Equity holders of the parent		**127.8**	136.5
Non-controlling interests		**0.9**	3.5
Profit for the year		**128.7**	140.0
Total comprehensive income attributable to:			
Equity holders of the parent		**152.0**	145.7
Non-controlling interests		**1.7**	4.2
Total comprehensive income for the year		**153.7**	149.9
Earnings per share			
Basic	13	**19.13p**	20.26p
Diluted	13	**18.08p**	19.34p

The notes on pages 85 to 122 form an integral part of these financial statements.

Consolidated balance sheet
As at 30 June 2016

	Notes	2016 £m	2015 £m
Assets			
Non-current assets			
Goodwill and intangible assets	15	**82.5**	74.1
Property, plant and equipment	16	**2.2**	2.5
Investment in associates and joint ventures	27	**6.3**	7.3
Non-current asset investments	20	**11.7**	8.9
Other receivables		**0.1**	0.2
Deferred acquisition costs		**0.4**	–
Deferred tax assets	18	**19.5**	20.3
		122.7	113.3
Current assets			
Investment securities	20	**143.7**	131.0
Available-for-sale financial assets	20	**8.8**	10.6
Fair value through profit or loss investments	20	**68.2**	61.8
Trade and other receivables	17	**61.2**	64.0
Derivative financial instruments	21	**–**	0.3
Cash and cash equivalents		**364.0**	380.8
		645.9	648.5
Non-current assets held-for-sale	20	**106.7**	31.7
Total assets		**875.3**	793.5
Equity and liabilities			
Capital and reserves – attributable to equity holders of the parent			
Issued capital	22	**–**	–
Share premium		**15.7**	15.7
Retained earnings		**645.7**	649.3
Foreign exchange reserve		**21.1**	(5.6)
Available-for-sale fair value reserve		**(1.8)**	(3.2)
Cash flow hedging reserve		**(4.0)**	(0.1)
		676.7	656.1
Non-controlling interests		**3.3**	14.0
Total equity		**680.0**	670.1
Liabilities			
Non-current liabilities			
Deferred tax liabilities	18	**5.2**	3.5
		5.2	3.5
Current liabilities			
Current tax		**24.8**	13.0
Third-party interests in consolidated funds	20	**75.6**	41.5
Derivative financial instruments	21	**4.5**	0.3
Trade and other payables	25	**55.4**	54.1
		160.3	108.9
Non-current liabilities held-for-sale	20	**29.8**	11.0
Total liabilities		**195.3**	123.4
Total equity and liabilities		**875.3**	793.5

The notes on pages 85 to 122 form an integral part of these financial statements.

Approved by the Board on 5 September 2016 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 2016

	Issued capital £m	Share premium £m	Retained earnings £m	Foreign exchange reserve £m	Available-for-sale reserve £m	Cash flow hedging reserve £m	Total £m	Non-controlling interests £m	Total equity £m
	Attributable to equity holders of the parent								
Balance at 30 June 2014	–	15.7	618.2	(14.6)	(5.3)	1.8	615.8	16.4	632.2
Profit for the year	–	–	136.5	–	–	–	136.5	3.5	140.0
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	–	–	–	9.0	–	–	9.0	0.7	9.7
Net fair value gain on available-for-sale assets including tax	–	–	–	–	3.2	–	3.2	–	3.2
Net gains reclassified from available-for-sale reserve to comprehensive income	–	–	–	–	(1.1)	–	(1.1)	–	(1.1)
Cash flow hedge intrinsic value losses	–	–	–	–	–	(1.9)	(1.9)	–	(1.9)
Total comprehensive income/(loss)	–	–	136.5	9.0	2.1	(1.9)	145.7	4.2	149.9
Transactions with owners:									
Purchase of own shares	–	–	(11.4)	–	–	–	(11.4)	–	(11.4)
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(0.9)	(0.9)
Share-based payments	–	–	19.9	–	–	–	19.9	0.4	20.3
Proceeds received on exercise of vested options	–	–	0.1	–	–	–	0.1	–	0.1
Dividends to equity holders	–	–	(114.0)	–	–	–	(114.0)	–	(114.0)
Dividends to non-controlling interests	–	–	–	–	–	–	–	(6.1)	(6.1)
Total contributions and distributions	–	–	(105.4)	–	–	–	(105.4)	(6.6)	(112.0)
Balance at 30 June 2015	–	15.7	649.3	(5.6)	(3.2)	(0.1)	656.1	14.0	670.1
Profit for the year	–	–	**127.8**	–	–	–	**127.8**	**0.9**	**128.7**
Other comprehensive income/(loss):									
Foreign currency translation differences arising on foreign operations	–	–	–	**26.7**	–	–	**26.7**	**0.8**	**27.5**
Net fair value gain on available-for-sale assets including tax	–	–	–	–	**1.1**	–	**1.1**	–	**1.1**
Net gains reclassified from available-for-sale reserve to comprehensive income	–	–	–	–	**0.3**	–	**0.3**	–	**0.3**
Cash flow hedge intrinsic value losses	–	–	–	–	–	**(3.9)**	**(3.9)**	–	**(3.9)**
Total comprehensive income/(loss)	–	–	**127.8**	**26.7**	**1.4**	**(3.9)**	**152.0**	**1.7**	**153.7**
Transactions with owners:									
Purchase of own shares	–	–	**(22.2)**	–	–	–	**(22.2)**	–	**(22.2)**
Acquisition of non-controlling interests	–	–	**(5.1)**	–	–	–	**(5.1)**	**(1.2)**	**(6.3)**
Sale to non-controlling interests	–	–	–	–	–	–	–	**0.4**	**0.4**
Share-based payments	–	–	**11.9**	–	–	–	**11.9**	**(7.4)**	**4.5**
Proceeds received on exercise of vested options	–	–	**0.1**	–	–	–	**0.1**	–	**0.1**
Dividends to equity holders	–	–	**(116.1)**	–	–	–	**(116.1)**	–	**(116.1)**
Dividends to non-controlling interests	–	–	–	–	–	–	–	**(4.2)**	**(4.2)**
Total contributions and distributions	–	–	**(131.4)**	–	–	–	**(131.4)**	**(12.4)**	**(143.8)**
Balance at 30 June 2016	–	**15.7**	**645.7**	**21.1**	**(1.8)**	**(4.0)**	**676.7**	**3.3**	**680.0**

The notes on pages 85 to 122 form an integral part of these financial statements.

Consolidated cash flow statement
For the year ended 30 June 2016

	2016 £m	2015 £m
Operating activities		
Operating profit	**137.9**	181.0
Adjustments for non-cash items:		
Depreciation and amortisation	**5.1**	5.3
Accrual for variable compensation	**35.6**	42.4
Unrealised foreign exchange (gains)/losses	**(20.4)**	(17.7)
Other non-cash items	**(7.0)**	4.2
Cash generated from operations before working capital changes	**151.2**	215.2
Changes in working capital:		
Decrease in trade and other receivables	**2.9**	5.7
Decrease/(increase) in derivative financial instruments	**4.5**	2.4
Decrease in trade and other payables	**(33.4)**	(32.9)
Cash generated from operations	**125.2**	190.4
Taxes paid	**(26.7)**	(44.7)
Net cash from operating activities	**98.5**	145.7
Investing activities		
Interest received	**6.8**	4.1
Dividends received	**–**	1.8
Proceeds on disposal of associates	**–**	0.6
Purchase of non-current asset investments	**(3.2)**	(0.3)
Purchase of financial assets held-for-sale	**(42.6)**	(21.8)
Purchase of available-for-sale financial assets	**(0.2)**	–
Purchase of fair value through profit or loss investments	**(1.4)**	(2.0)
Purchase of investment securities	**(55.7)**	(77.0)
Sale of non-current asset investments	**–**	0.4
Sale of financial assets held-for-sale	**9.3**	–
Sale of available-for-sale financial assets	**3.3**	20.8
Sale of fair value through profit or loss investments	**22.0**	10.1
Sale of investment securities	**33.5**	30.1
Net cash flow arising on initial consolidation/deconsolidation of seed capital investments	**1.5**	(6.8)
Purchase of property, plant and equipment	**(0.6)**	(0.7)
Net cash used in investing activities	**(27.3)**	(40.7)
Financing activities		
Dividends paid to equity holders	**(116.1)**	(114.0)
Dividends paid to non-controlling interests	**(4.2)**	(6.1)
Third-party subscriptions into consolidated funds	**49.1**	34.0
Third-party redemptions from consolidated funds	**(11.0)**	(15.8)
Distributions paid by consolidated funds	**(3.5)**	–
Acquisition of non-controlling interests	**(1.2)**	(0.9)
Sale of interest to non-controlling interests	**0.4**	–
Purchase of own shares	**(22.2)**	(11.4)
Net cash used in financing activities	**(108.7)**	(114.2)
Net (decrease)/increase in cash and cash equivalents	**(37.5)**	(9.2)
Cash and cash equivalents at beginning of year	**380.8**	372.2
Effect of exchange rate changes on cash and cash equivalents	**20.7**	17.8
Cash and cash equivalents at end of year	**364.0**	380.8
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**52.5**	84.5
Daily dealing liquidity funds	**103.7**	109.6
Deposits	**207.8**	186.7
	364.0	380.8

The notes on pages 85 to 122 form an integral part of these financial statements.

Company balance sheet
As at 30 June 2016

	Notes	2016 £m	2015 £m
Assets			
Non-current assets			
Goodwill	15	**4.1**	4.1
Property, plant and equipment	16	**1.1**	1.1
Investment in subsidiaries	26	**20.0**	20.1
Deferred acquisition costs		**0.4**	–
Deferred tax assets	18	**8.2**	9.0
		33.8	34.3
Current assets			
Trade and other receivables	17	**285.4**	451.8
Cash and cash equivalents		**301.4**	114.5
		586.8	566.3
Total assets		**620.6**	600.6
Equity and liabilities			
Capital and reserves			
Issued capital	22	**–**	–
Share premium		**15.7**	15.7
Retained earnings		**554.8**	547.0
Total equity attributable to equity holders of the Company		**570.5**	562.7
Liabilities			
Current liabilities			
Trade and other payables	25	**50.1**	37.9
		50.1	37.9
Total equity and liabilities		**620.6**	600.6

The notes on pages 85 to 122 form an integral part of these financial statements.

Approved by the Board on 5 September 2016 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 2016

	Issued capital £m	Share premium £m	Retained earnings £m	Total equity attributable to equity holders of the parent £m
Balance at 30 June 2014	–	15.7	495.5	511.2
Profit for the year	–	–	158.9	158.9
Purchase of own shares	–	–	(11.4)	(11.4)
Share-based payments	–	–	18.0	18.0
Dividends to equity holders	–	–	(114.0)	(114.0)
Balance at 30 June 2015	–	15.7	547.0	562.7
Profit for the year	–	–	**125.1**	**125.1**
Purchase of own shares	–	–	**(22.2)**	**(22.2)**
Share-based payments	–	–	**21.0**	**21.0**
Dividends to equity holders	–	–	**(116.1)**	**(116.1)**
Balance at 30 June 2016	**–**	**15.7**	**554.8**	**570.5**

The notes on pages 85 to 122 form an integral part of these financial statements.

Company cash flow statement
For the year ended 30 June 2016

	2016 £m	2015 £m
Operating activities		
Cash generated from operations before working capital changes	**29.6**	144.0
Changes in working capital:		
Decrease/(increase) in trade and other receivables	**49.8**	(150.4)
Increase/(decrease) in trade and other payables	**12.2**	5.1
Cash generated from operations	**91.6**	(1.3)
Taxes paid	**(4.3)**	(21.6)
Net cash from/(used in) operating activities	**87.3**	(22.9)
Investing activities		
Interest received	**0.8**	0.4
Loans repaid by/(given to) subsidiaries	**16.6**	(44.5)
Dividends received from subsidiaries	**189.6**	41.1
Purchase of property, plant and equipment	**(0.6)**	–
Net cash from/(used in) investing activities	**206.4**	(3.0)
Financing activities		
Dividends paid	**(116.1)**	(114.0)
Purchase of own shares	**(22.2)**	(11.4)
Net cash used in financing activities	**(138.3)**	(125.4)
Net decrease in cash and cash equivalents	**155.4**	(151.3)
Cash and cash equivalents at beginning of year	**114.5**	249.1
Effect of exchange rate changes on cash and cash equivalents	**31.5**	16.7
Cash and cash equivalents at end of year	**301.4**	114.5
Cash and cash equivalents at end of year comprise:		
Cash at bank and in hand	**9.4**	5.0
Daily dealing liquidity funds	**93.0**	39.5
Deposits	**199.0**	70.0
	301.4	114.5

The notes on pages 85 to 122 form an integral part of these financial statements.

Notes to the financial statements

1) General information

Ashmore Group plc (the Company) is a public limited company listed on the London Stock Exchange and incorporated and domiciled in the United Kingdom. The consolidated financial statements of the Company and its subsidiaries (together the Group) for the year ended 30 June 2016 were authorised for issue by the Board of Directors on 5 September 2016. The principal activity of the Group is described in the Directors' report on page 69.

2) Basis of preparation

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) effective for the Group's reporting for the year ended 30 June 2016 and applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared on a going concern basis under the historical cost convention, except for the measurement at fair value of certain financial assets that are available-for-sale or classified as fair value through profit or loss.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further information about key assumptions and other key sources of estimation and areas of judgement are set out in note 32.

3) New standards and interpretations not yet adopted

At the date of authorisation of these consolidated financial statements the following standards and interpretations relevant to the Group's operations were issued by the IASB but are not yet mandatory:

- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases

The Group is assessing the impact of these standards on the Group's future consolidated financial statements.

- IFRS 9 *Financial instruments* was originally issued in November 2009, and the finalised version incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition, was issued in July 2014. IFRS 9 replaces the classification and measurement models for financial instruments in IAS 39 with three classification categories: amortised cost, fair value through profit or loss and fair value through other comprehensive income. Under IFRS 9, the Group's business model and the contractual cash flows arising from its investments in financial instruments will determine the appropriate classification. All equity investments within the scope of IFRS 9 are to be measured at fair value, with gains or losses reported either in the statement of comprehensive income or, by election, through other comprehensive income. However, where fair value gains and losses are recorded through other comprehensive income there will no longer be a requirement to transfer gains or losses to the statement of comprehensive income on impairment or disposal. In addition, IFRS 9 introduces an expected loss model for the assessment of impairment. The current model under IAS 39 (incurred loss model) requires the Group to recognise impairment losses when there is objective evidence that an asset is impaired. Under the expected loss model, impairment losses are recorded if there is an expectation of credit losses, even in the absence of a default event. The Group does not anticipate that this will have a material impact on its reported results. IFRS 9 is effective for annual periods beginning on or after 1 January 2018 and has yet to be endorsed for use in the EU.
- IFRS 15 *Revenue from Contracts with Customers* deals with revenue recognition and establishes a single, principles-based model to be applied to all contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. IFRS 15 replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts* and related interpretations. The Standard provides guidance on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced. The Group does not anticipate that IFRS 15 will have a material impact on its reported results. IFRS 15 is effective for annual periods beginning on or after 1 January 2018 and has yet to be endorsed for use in the EU.
- IFRS 16 *Leases* was issued on 13 January 2016 and replaces IAS 17 *Leases*. IFRS 16 requires all operating leases in excess of one year, where the Group is the lessee, to be included on the Group's statement of financial position, and recognised as a right-of-use asset and a related lease liability representing the obligation to make lease payments. The right-of-use asset will be amortised on a straight-line basis with the lease liability being amortised using the effective interest method. Certain optional exemptions are available under IFRS 16 for short-term leases (lease term of less than 12 months) and for small-value leases. The Group does not anticipate that IFRS 16 will have a material impact on its reported results. The Standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted subject to EU endorsement.

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

4) Significant accounting policies continued

Interests in subsidiaries

Subsidiaries are those 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 parent of the Group 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 (refer to note 27). 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 2016.

A change in the ownership interest of a consolidated entity that does not result in a loss of control by the Group is accounted for as an equity transaction. If the Group loses control over a consolidated entity, it derecognises the related assets, goodwill, liabilities, non-controlling interest and other components of equity, and any gain or loss is recognised in consolidated comprehensive income. Any investment retained is recognised at its fair value at the date of loss of control.

Interests in associates and joint arrangements

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

Investments in associates and interests in joint ventures are measured using the equity method of accounting. Under this method, the investments are initially recognised at cost, including attributable goodwill, and are adjusted thereafter for the post-acquisition changes in the Group's share of net assets. The Group's share of post-acquisition profit or loss is recognised in the statement of comprehensive income.

Where the Group's financial year is not coterminous with those of its associates or joint ventures, unaudited interim financial information is used after appropriate adjustments have been made.

Interests in consolidated structured entities

The Group acts as fund manager to investment funds that are considered to be structured entities. Structured entities are entities that have been designed so that voting or similar rights are not the dominant factor in deciding which party has control: for example, when any voting rights relate to administrative tasks only and the relevant activities of the entity are directed by means of contractual arrangements. The Group's assets under management are managed within structured entities. These structured entities typically consist of unitised vehicles such as Sociétés 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, carried interest, 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.

The Group concludes that it has control and, therefore, will consolidate a fund as if it were a subsidiary where the Group acts as a principal. If the Group concludes that it does not have control over the fund, the Group accounts for 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 20% (i.e. 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 28.

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 currency 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. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- available-for-sale equity instruments; and
- qualifying cash flow hedges to the extent that the hedge is effective.

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, then 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, then 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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequently, changes to the fair value of the contingent consideration that is deemed to be a liability will be recognised in accordance with IAS 39 in comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured and settlement is accounted for within equity.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

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 are amortised, if appropriate, over their useful lives, which have been assessed as being eight years.

Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes to the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Property, plant and equipment

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

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 contractual right to benefit from providing investment management services and are charged as the related revenue is recognised.

4) Significant accounting policies continued

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 IAS 39 *Financial instruments: recognition and measurement* and IFRS 5 *Non-current assets held-for-sale and discontinued operations.*

Financial assets

The Group classifies its financial assets into the following categories: financial assets held-for-sale, investment securities designated as fair value through profit or loss (FVTPL), fair value through profit or loss investments, available-for-sale financial assets and non-current financial assets held-for-sale.

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 non-current financial assets held-for-sale in accordance with IFRS 5. The Group recognises 100% of the investment in the fund as a 'held-for-sale' asset and the interest held by other parties as a 'liability held-for-sale'. Where control is not deemed to exist, and the assets are readily realisable, they are recognised as financial assets at fair value through profit or loss in accordance with IAS 39. Where the assets are not readily realisable, they are recognised as non-current asset investments. 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 designated as FVTPL
Investment securities represent securities, other than derivatives, held by consolidated funds. These securities are designated as FVTPL and are measured at fair value with gains and losses recognised through the consolidated statement of comprehensive income.

Non-current financial assets held-for-sale (HFS)
Non-current 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 non-current financial assets held-for-sale, because the Group has been deemed as holding 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 fair value through profit or loss investments in accordance with IAS 39. Subsequent movements will be recognised in accordance with the Group's accounting policy for the newly adopted classification.

Available-for-sale financial assets (AFS)
Available-for-sale financial assets include readily realisable interests in seeded funds that are either allocated specifically to this category or cannot be assigned to any other category. They are carried at fair value and changes in fair value are recognised in other comprehensive income, until the asset is disposed of or impaired, at which time the cumulative gain or loss previously recognised in other comprehensive income is included in profit for the year as part of comprehensive income. Dividend income and impairment losses are recognised in the consolidated statement of comprehensive income.

Financial assets designated as FVTPL
Financial assets designated as FVTPL include certain readily realisable interests in seeded funds, non-current asset investments and derivatives. The Group designates financial assets as FVTPL when:

- the financial assets are managed, evaluated and reported internally on a fair value basis; and
- the classification at fair value eliminates or significantly reduces an accounting mismatch which would otherwise arise.

From the date the financial asset is designated as FVTPL 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) FVTPL investments
The Group classifies new readily realisable interests in seeded funds as FVTPL investments 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.

(ii) Non-current asset investments
Non-current asset investments include closed-end funds which are designated as FVTPL. They are held at fair value with changes in fair value being recognised through the consolidated statement of comprehensive income.

(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.

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. Impairment losses with respect to the estimated irrecoverable amount are recognised through the statement of comprehensive income when there is appropriate evidence that trade and other receivables are impaired. However, if a longer-term receivable carries no interest, the fair value is estimated as the present value of all future cash payments or receipts discounted using the Group's weighted average cost of capital. The resulting adjustment is

recognised as interest expense or interest income. Subsequent to initial recognition these assets are measured at amortised cost less any impairment.

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 with an original maturity of three months or less.

Financial liabilities

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

Non-current financial liabilities held-for-sale

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

Other financial liabilities

Other financial liabilities including trade and other payables are subsequently measured at amortised cost using the effective interest rate method.

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 assumptions 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, 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 for which sufficient and reliable data is available. 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 open-ended funds are valued on the basis of the last available NAV 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 cash flow hedge accounting when the transactions meet the specified hedge accounting criteria. To qualify, the following conditions must be met:

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

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

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

Derecognition of financial assets and liabilities

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

Impairment of financial assets

General

At each reporting date, the carrying amounts of the Group's assets are reviewed to assess whether there is any objective evidence of impairment in the value of financial assets classified as either available-for-sale or as trade and other receivables. Impairment losses are recognised if an event has occurred which will have an adverse impact on the expected future cash flows of an asset and the expected impact can be reliably estimated. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

4) Significant accounting policies continued

Impairment of financial assets continued

The recoverable amount of an asset is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using the Group's weighted average cost of capital. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses on available-for-sale financial assets are measured as the difference between cost and the current fair value. Where there is evidence that the available-for-sale financial asset is impaired, the cumulative loss that had been previously recognised in other comprehensive income is reclassified from the available-for-sale fair value reserve and recognised in the consolidated statement of comprehensive income.

Impairment losses in respect of assets other than goodwill are measured as the difference between the carrying amount of the financial asset and the present value of estimated cash flows discounted at the asset's original effective interest rate. Such impairment losses are recognised in the consolidated statement of other comprehensive income and are recognised against the carrying amount of the impaired asset on the consolidated statement of financial position. Interest on the impaired asset continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

Subsequent increases in fair value of previously impaired available-for-sale financial assets are reported as fair value gains in the available-for-sale fair value reserve through other comprehensive income and not separately identified as an impairment reversal.

For all other assets other than goodwill, if in a subsequent year the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, but is limited to the extent that the value of the asset may not exceed the original carrying amount that would have been determined, net of depreciation or amortisation, had no impairment occurred.

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 is not reversed.

Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of investment management services, and includes management fees, performance fees and other revenue. Revenue is recognised in the statement of comprehensive income as and when the related services are provided. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Specific revenue recognition policies are:

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 accrued over the period for which the service is provided. Where management fees are received in advance these are recognised over the period of the provision of the asset management service.

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 recognised when the quantum of the fee can be estimated reliably and it is probable that the fee will crystallise. This is usually at the end of the performance period or upon early redemption by a client.

Other revenue

Other revenue includes transaction, structuring and administration fees, and reimbursement by funds of costs incurred by the Group. This revenue is recognised when the related services are provided.

Distribution costs

Distribution costs are cost of sales payable to third-parties and are recognised over the period for 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.

Operating leases
Payments payable under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised on a straight-line basis over the lease term and are recorded as a reduction in premises costs.

Finance income and expense
Finance income includes interest receivable on the Group's cash and cash equivalents, realised gains on available-for-sale financial assets and both realised and unrealised gains on held-for-sale assets and investments measured at FVTPL.

Finance expense includes realised losses on available-for-sale financial assets and both realised and unrealised losses on held-for-sale assets and investments measured at FVTPL.

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 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.

Treasury shares
Treasury shares are recognised in equity and are measured at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from the sale and original cost being taken to 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 location of the Group's non-current assets at year end other than financial instruments, deferred tax assets and post-employment benefit assets is shown in the table below. Disclosures relating to revenue are in note 6.

Analysis of non-current assets by geography

	2016 £m	2015 £m
United Kingdom	**12.1**	12.4
United States	**78.8**	70.9
Other	**0.5**	0.6

6) Revenue

Management fees are accrued throughout the year in line with prevailing levels of assets under management and performance fees are recognised when they can be estimated reliably and it is probable that they will crystallise. The Group is not considered to be reliant on any single source of revenue. During the year, none of the Group's funds (FY2014/15: 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

	2016 £m	2015 £m
United Kingdom earned revenue	**194.0**	247.3
United States earned revenue	**9.2**	14.4
Other revenue	**8.4**	6.4

7) Foreign exchange

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

£1	Closing rate as at 30 June 2016	Closing rate as at 30 June 2015	Average rate year ended 30 June 2016	Average rate year ended 30 June 2015
US dollar	**1.3234**	1.5712	**1.4759**	1.5822
Euro	**1.1970**	1.4095	**1.3359**	1.3186
Indonesian rupiah	**17,482**	20,970	**20,172**	19,713

Foreign exchange gains and losses are shown below.

	2016 £m	2015 £m
Net realised and unrealised hedging gains/(losses)	**1.1**	(0.4)
Translation gains/(losses) on non-Sterling denominated monetary assets and liabilities	**21.0**	18.5
Total foreign exchange gains/(losses)	**22.1**	18.1

8) Finance income and expense

	2016 £m	2015 £m
Finance income		
Interest income	**6.7**	7.0
Net realised gains on seed capital investments measured at fair value	**1.4**	–
Net unrealised gains on seed capital investments measured at fair value	**23.4**	–
Total finance income	**31.5**	7.0
Finance expense		
Net realised losses on disposal of available-for-sale financial assets	**(0.2)**	(0.2)
Net realised losses on seed capital investments measured at fair value	**–**	(1.2)
Net unrealised losses on seed capital investments measured at fair value	**–**	(3.7)
Total finance expense	**(0.2)**	(5.1)
Net finance income	**31.3**	1.9

9) Personnel expenses

Personnel expenses during the year comprised the following:

	2016 £m	2015 £m
Wages and salaries	**19.1**	20.0
Performance-related cash bonuses	**24.9**	17.3
Share-based payments	**10.7**	24.5
Social security costs	**1.8**	2.3
Pension costs	**1.6**	1.6
Other costs	**1.6**	1.5
Total personnel expenses	**59.7**	67.2

Personnel expenses in respect of the year ended 30 June 2016 include an amount of £0.1 million (FY2014/15: £0.1 million) that has been waived by Directors and employees in earlier periods with an equivalent amount paid to charity in the financial year to 30 June 2016.

Number of employees

The number of employees of the Group (including Directors) during the reporting year was as follows:

	Average for the year ended 30 June 2016 Number	Average for the year ended 30 June 2015 Number	At 30 June 2016 Number	At 30 June 2015 Number
Total employees	**277**	293	**266**	285

Directors' remuneration

Disclosures of Directors' remuneration during the year as required by the Companies Act 2006 are included in the Remuneration report on pages 54 to 67.

There are retirement benefits accruing to two Directors under a defined contribution scheme (FY2014/15: two).

10) Share-based payments

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

Group	2016 £m	2015 £m
Omnibus Plan	**25.8**	25.0
Ashmore Equities Investment Management (US) L.L.C (AEIM) operating agreement	**0.1**	1.6
Phantom Bonus Plan	**0.2**	(2.1)
Total related to compensation awards	**26.1**	24.5
Related to acquisition of AEIM	**(15.4)**	–
Total share-based payments expense	**10.7**	24.5

The total expense recognised for the year in respect of equity-settled share-based payment transactions was £10.5 million (FY2014/15: £26.5 million).

10) Share-based payments continued

The Ashmore First Discretionary Share Option Scheme (Option Scheme)

The Option Scheme was set up in October 2000. Options issued under the Option Scheme typically have a life of 10 years and vest after five years from date of grant. The pro rata proportion of the fair value of options at each reporting year end has been accounted for on an equity-settled basis. No further options will be issued under the Option Scheme. All outstanding options are fully vested.

Share options outstanding under the Option Scheme were as follows:

Group and Company	**2016 Number of options**	**Weighted average exercise price**	2015 Number of options	Weighted average exercise price
At the beginning of the year	**175,000**	**£0.66**	503,750	£0.35
Exercised	**(175,000)**	**£0.66**	(328,750)	£0.19
Forfeited	–	–	–	–
Options outstanding at year end	–	–	175,000	£0.66
Options exercisable	–	–	175,000	£0.66

175,000 share options were exercised during the year (FY2014/15: 328,750 options were exercised). The weighted average share price on the date options were exercised during the year was 253.30 pence.

There were no new share options granted during the year ended 30 June 2016 (FY2014/15: none).

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. These elements can be used singly or in combination. 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 share-based payments relating to the Omnibus Plan represent the combined cash and equity-settled payments.

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

Group and Company Year of grant	**2016 £m**	2015 £m
2010	–	2.0
2011	**2.8**	3.0
2012	**2.8**	2.9
2013	**3.8**	4.0
2014	**2.4**	2.6
2015	**3.0**	8.4
2016	**8.3**	–
Total omnibus share-based payments expense reported in comprehensive income	**23.1**	22.9

Awards outstanding under the Omnibus Plan were as follows:

i) Equity-settled awards

Group and Company	2016 Number of shares subject to awards	2016 Weighted average share price	2015 Number of shares subject to awards	2015 Weighted average share price
Restricted share awards				
At the beginning of the year	**20,524,634**	**£3.46**	17,996,262	£3.50
Granted	**7,366,910**	**£2.43**	5,386,125	£3.07
Vested	**(3,058,877)**	**£3.19**	(2,296,630)	£2.86
Forfeited	**(1,903,493)**	**£3.21**	(561,123)	£3.46
Awards outstanding at year end	**22,929,174**	**£3.18**	20,524,634	£3.46
Bonus share awards				
At the beginning of the year	**7,404,574**	**£3.43**	5,659,814	£3.55
Granted	**2,527,672**	**£2.43**	2,422,401	£3.05
Vested	**(1,493,951)**	**£3.18**	(677,641)	£3.03
Forfeited	**–**	**–**	–	–
Awards outstanding at year end	**8,438,295**	**£3.15**	7,404,574	£3.43
Matching share awards				
At the beginning of the year	**7,404,574**	**£3.43**	5,659,814	£3.55
Granted	**2,527,672**	**£2.43**	2,421,333	£3.05
Vested	**(1,401,866)**	**£3.17**	(605,548)	£2.97
Forfeited	**(92,085)**	**£3.32**	(71,025)	£3.58
Awards outstanding at year end	**8,438,295**	**£3.18**	7,404,574	£3.43
Total	**39,805,764**	**£3.18**	35,333,782	£3.44

ii) Cash-settled awards

Group and Company	2016 Number of shares subject to awards	2016 Weighted average share price	2015 Number of shares subject to awards	2015 Weighted average share price
Restricted share awards				
At the beginning of the year	**582,848**	**£3.48**	2,200,290	£3.50
Granted	**38,504**	**£2.43**	15,161	£3.09
Vested	**(45,325)**	**£3.50**	(36,887)	£3.94
Forfeited	**(306,273)**	**£3.14**	(1,595,716)	£3.51
Awards outstanding at year end	**269,754**	**£3.72**	582,848	£3.48
Bonus share awards				
At the beginning of the year	**382,985**	**£3.49**	1,579,772	£3.50
Granted	**6,179**	**£2.43**	–	–
Vested	**(198,588)**	**£3.17**	–	–
Forfeited	**–**	**–**	(1,196,787)	£3.51
Awards outstanding at year end	**190,576**	**£3.78**	382,985	£3.49
Matching share awards				
At the beginning of the year	**382,985**	**£3.49**	1,579,772	£3.50
Granted	**6,179**	**£2.43**	–	–
Vested	**–**	**–**	–	–
Forfeited	**(198,588)**	**£3.17**	(1,196,787)	£3.51
Awards outstanding at year end	**190,576**	**£3.78**	382,985	£3.49
Total	**650,906**	**£3.75**	1,348,818	£3.49

10) Share-based payments continued

iii) Total awards

Group and Company	2016 Number of shares subject to awards	2016 Weighted average share price	2015 Number of shares subject to awards	2015 Weighted average share price
Restricted share awards				
At the beginning of the year	**21,107,482**	**£3.46**	20,196,552	£3.50
Granted	**7,405,414**	**£2.43**	5,401,286	£3.07
Vested	**(3,104,202)**	**£3.20**	(2,333,517)	£2.88
Forfeited	**(2,209,766)**	**£3.20**	(2,156,839)	£3.50
Awards outstanding at year end	**23,198,928**	**£3.19**	21,107,482	£3.46
Bonus share awards				
At the beginning of the year	**7,787,559**	**£3.43**	7,239,586	£3.54
Granted	**2,533,851**	**£2.43**	2,422,401	£3.05
Vested	**(1,692,539)**	**£3.18**	(677,641)	£3.03
Forfeited	**–**	**–**	(1,196,787)	£3.51
Awards outstanding at year end	**8,628,871**	**£3.17**	7,787,559	£3.43
Matching share awards				
At the beginning of the year	**7,787,559**	**£3.43**	7,239,586	£3.54
Granted	**2,533,851**	**£2.43**	2,421,333	£3.05
Vested	**(1,401,866)**	**£3.17**	(605,548)	£2.97
Forfeited	**(290,673)**	**£3.22**	(1,267,812)	£3.51
Awards outstanding at year end	**8,628,871**	**£3.20**	7,787,559	£3.43
Total	**40,456,670**	**£3.19**	36,682,600	£3.45

The fair value of awards granted under the Omnibus Plan is determined by the average Ashmore Group plc closing share price for the five business days prior to grant.

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 consolidated balance sheet is £0.6 million (30 June 2015: £1.3 million) of which £nil (30 June 2015: £nil) relates to vested awards.

The Approved Company Share Option Plan (CSOP)

The CSOP was also introduced prior to the Company listing in October 2006 and is an option scheme providing for the grant of market value options to employees with the aggregate value of outstanding options not exceeding £30,000 per employee. The CSOP qualifies as a UK tax approved company share option plan and approval thereto has been obtained from HMRC. To date, there have been no awards made under the CSOP.

Other arrangements

AEIM operating agreement

Under the terms of AEIM's operating agreement, certain employees are eligible to receive part of their variable compensation in the form of partnership units. These awards, which typically vest five years from the date of grant depending on the satisfaction of service conditions, are accounted for as equity-settled share-based payments. The fair value of awards granted is based on the equity valuation of the subsidiary at the date of grant. Upon vesting, the holders are entitled to receive units in the subsidiary.

Share awards outstanding at year end under the operating arrangement were as follows:

Group	**2016 Number of shares subject to awards**	**2016 Weighted average share price (US dollars)**	2015 Number of shares subject to awards	2015 Weighted average share price (US dollars)
At the beginning of the year	**73,721**	**$33.41**	67,289	$31.88
Granted	**–**	**–**	21,678	$41.11
Vested	**–**	**–**	–	–
Forfeited	**(7,944)**	**$18.80**	(15,246)	$37.60
Awards outstanding at year end	**65,777**	**$18.80**	73,721	$33.41

The total expense recognised for the year in respect of the AEIM equity-settled share-based payment transactions was £0.1 million (FY2014/15: £1.5 million).

AEIM Phantom Bonus Plan

The Phantom Bonus Plan is a cash-settled share-based payment plan set up to provide long-term incentives to certain employees. The units typically vest after five years from date of grant, contingent upon continued employment. Units awarded under the plan carry no voting rights. The fair value of units granted under the plan is determined with reference to the equity valuation of the underlying employing entity.

Awards outstanding at year end under the Phantom Bonus Plan were as follows:

Group	**2016 Number of shares subject to awards**	**2016 Weighted average share price (US dollars)**	2015 Number of shares subject to awards	2015 Weighted average share price (US dollars)
At the beginning of the year	**24,518**	**$41.11**	22,041	$31.85
Granted	**26,290**	**$30.65**	10,643	$41.11
Vested	**–**	**–**	–	–
Lapsed	**(8,005)**	**$18.80**	(8,166)	$41.11
Awards outstanding at year end	**42,803**	**$18.80**	24,518	$41.11

During the year the phantom awards were modified from being cash-settled awards to equity-settled awards and the related liability of £0.4 million was reclassed to the share-based payments reserve (FY2014/15: £0.3 million phantom liability was recognised in trade and other payables of which £nil related to vested awards).

Prior period acquisition of AEIM

At the time of the acquisition of AEIM in May 2011, employees and management held unvested shares representing 17.9% of its partnership shares. These awards, which vest after five years depending on the satisfaction of service and performance conditions, were accounted for as equity-settled share-based payments in accordance with IFRS 2 *Share-based payment*, which results in an annual charge to the statement of comprehensive income during the period of vesting. On 31 May 2016 the full number of outstanding awards amounting to 232,300 units were forfeited and as a result £17.6 million of charges previously recognised in respect of these awards were credited to the consolidated statement of comprehensive income for the year (FY2014/15: 73,600 awards were forfeited and as a result £3.7 million of charges previously recognised in respect these awards were credited to the consolidated statement of comprehensive income).

11) Other expenses

Other expenses consist of the following:

	2016 £m	2015 £m
Travel	**3.6**	4.1
Professional fees	**4.6**	3.3
Information technology and communications	**5.4**	5.9
Amortisation of intangible assets (note 15)	**3.9**	3.6
Impairment of intangible assets	**–**	0.4
Operating leases	**3.3**	3.3
Premises-related costs	**1.2**	0.9
Insurance	**1.1**	1.1
Auditors' remuneration (see below)	**0.8**	1.0
Depreciation of property, plant and equipment (note 16)	**1.2**	1.3
Consolidated funds (note 20)	**2.4**	2.7
Other expenses	**5.1**	4.7
	32.6	32.3

Auditors' remuneration

	2016 £m	2015 £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	**0.2**	0.3
Fees for non-audit services:		
– Fees payable to the Company's auditor and its associates for tax services	**0.2**	0.3
– Fees payable to the Company's auditor and its associates for other services	**0.2**	0.2
	0.8	1.0

12) Taxation

Analysis of tax charge for the year:

	2016 £m	2015 £m
Current tax		
UK corporation tax on profits for the year	**31.4**	37.6
Overseas corporation tax charge	**4.8**	4.9
Adjustments in respect of prior years	**0.7**	(1.2)
	36.9	41.3
Deferred tax		
Origination and reversal of temporary differences (see note 18)	**1.0**	–
Effect of changes in corporation tax rates	**0.9**	–
Tax expense for the year	**38.8**	41.3

Factors affecting tax charge for the year

	2016 £m	2015 £m
Profit before tax	**167.5**	181.3
Profit on ordinary activities multiplied by the blended UK tax rate of 20.00% (FY2014/15: 20.75%)	**33.5**	37.6
Effects of:		
Non-deductible expenses	**4.7**	8.0
Deduction in respect of vested shares/exercised options (Part 12, Corporation Tax Act 2009)	**(2.8)**	(2.5)
Different rate of taxes on overseas profits	**1.5**	–
Non-taxable income	**–**	(2.0)
Tax relief on amortisation and impairment of goodwill and intangibles	**(1.2)**	(1.0)
Effect of deferred tax balance from changes in the UK corporation tax rate	**0.9**	–
Other items	**1.5**	2.4
Adjustments in respect of prior years	**0.7**	(1.2)
Tax expense for the year	**38.8**	41.3

Non-deductible expenses include the tax impact of (i) non-deductible IFRS 2 accounting charges in respect of share-based payments of £2.1 million (FY 2014/15: £5.0 million) and (ii) non-deductible foreign exchange losses of £1.1 million.

Tax charge recognised in equity/other comprehensive income is a follows:

	2016 £m	2015 £m
Current tax on foreign exchange gains	**0.9**	–
Deferred tax on seed capital investments	**1.0**	–
Tax expense recognised in equity/other comprehensive income	**1.9**	–

A reduction to the main rate of UK corporation tax from 21% to 20% was enacted in the Finance Act 2013 and became effective from 1 April 2015. The rate of 20% tax applied for the entire financial year. In addition, further reductions in the main rate of UK corporation tax to 19% and 18% were substantively enacted in the Finance Bill 2015, with effect from 1 April 2017 and 1 April 2020 respectively – these reductions have been used in the calculation of the Group's UK deferred tax assets and liabilities.

13) Earnings per share

Basic earnings per share at 30 June 2016 of 19.13 pence (30 June 2015: 20.26 pence) is calculated by dividing the profit after tax for the financial period attributable to equity holders of the parent of £127.8 million (FY2014/15: £136.5 million) by the weighted average number of ordinary shares in issue during the period, excluding own shares.

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

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

	2016 Number of ordinary shares	2015 Number of ordinary shares
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**667,777,465**	674,424,923
Effect of dilutive potential ordinary shares – share awards	**38,958,842**	31,986,209
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**706,736,307**	706,411,132

14) Dividends

Dividends paid in the year

Company	**2016 £m**	2015 £m
Final dividend for FY2014/15 – 12.10p (FY2013/14: 12.00p)	**84.5**	82.7
Interim dividend for FY2015/16 – 4.55p (FY2014/15: 4.55p)	**31.6**	31.3
	116.1	114.0

In addition, the Group paid £4.2 million (FY2014/15: £6.1 million) of dividends to non-controlling interests.

Dividends declared/proposed in respect of the year

Company	**2016 pence**	2015 pence
Interim dividend declared per share	**4.55**	4.55
Final dividend proposed per share	**12.10**	12.10
	16.65	16.65

On 5 September 2016 the Board proposed a final dividend of 12.10 pence per share for the year ended 30 June 2016. 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 which qualify to receive a dividend, the total amount payable would be £84.5 million.

15) Goodwill and intangible assets

Group	Goodwill £m	Fund management relationships £m	Total £m
Cost – (at original exchange rate)			
At 30 June 2014, 30 June 2015 and 30 June 2016	**57.5**	**39.5**	**97.0**
Accumulated amortisation and impairment			
At 30 June 2014	–	(23.2)	(23.2)
Amortisation charge for the year	–	(3.6)	(3.6)
Impairment charge for the year	–	(0.4)	(0.4)
At 30 June 2015	–	(27.2)	(27.2)
Amortisation charge for the year	–	**(3.9)**	**(3.9)**
Impairment charge for the year	–	–	–
At 30 June 2016	–	**(31.1)**	**(31.1)**
Net book value			
At 30 June 2014	55.7	16.5	72.2
Accumulated amortisation for the year	–	(4.0)	(4.0)
Foreign exchange revaluation through reserves*	4.3	1.6	5.9
At 30 June 2015	60.0	14.1	74.1
Accumulated amortisation and impairment for the year	–	**(3.9)**	**(3.9)**
Foreign exchange revaluation through reserves*	**10.1**	**2.2**	**12.3**
At 30 June 2016	**70.1**	**12.4**	**82.5**

* *FX 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 2015 and 2016	4.1

Goodwill

The Group's goodwill balance relates principally to the acquisition of AEIM in May 2011.

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

The annual impairment review of goodwill was undertaken for the year ending 30 June 2016. The Group consists of a single cash generating unit for the purpose of assessing the carrying value of goodwill. In performing the impairment review, management prepares a calculation of the recoverable amount of goodwill and compares this to the carrying value. The recoverable amount was based on a fair value less costs to sell calculation using the Company's year end share price. Based on management's assessment as at 30 June 2016, the recoverable amount was in excess of the carrying value of goodwill and no impairment was implied. No impairment losses have been recognised in the current or preceding years.

Fund management relationships

Intangible assets comprise fund management relationships related to profit expected to be earned from clients of AEIM.

An annual impairment review of the fund management relationships was undertaken for the year ending 30 June 2016. The recoverable amount was derived from the cumulative pre-tax net earnings anticipated to be generated over the remaining useful economic life, discounted to present value using the Group's weighted average cost of capital of 13.0% per annum. Cumulative net earnings associated with the fund management relationships intangible asset were derived from the annual operating profit contribution that would arise as a result of the remaining fund management relationships, adjusted for investment performance and investor attrition.

The recoverable amount of the fund management relationships intangible asset was determined to be higher than its carrying value as at 30 June 2016. Accordingly, no impairment charge was recognised during the year (FY2014/15: an impairment charge of £0.4 million was recognised and included within other expenses in the Group's consolidated statement of comprehensive income).

The remaining amortisation period for fund management relationships is three years (30 June 2015: four years).

16) Property, plant and equipment

Group	2016 Fixtures, fittings and equipment £m	2015 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**6.6**	5.8
Additions	**0.8**	0.7
Foreign exchange revaluation	**0.6**	0.1
Disposals	**(0.2)**	–
At the end of the year	**7.8**	6.6
Accumulated depreciation		
At the beginning of the year	**4.1**	2.8
Depreciation charge for the year	**1.2**	1.3
Foreign exchange revaluation	**0.3**	–
Disposals	**–**	–
At the end of the year	**5.6**	4.1
Net book value at 30 June	**2.2**	2.5

Company	2016 Fixtures, fittings and equipment £m	2015 Fixtures, fittings and equipment £m
Cost		
At the beginning of the year	**3.0**	2.7
Additions	**0.7**	0.3
Disposals	**(0.1)**	–
At the end of the year	**3.6**	3.0
Accumulated depreciation		
At the beginning of the year	**1.9**	1.2
Depreciation charge for year	**0.6**	0.7
Disposals	**–**	–
At the end of the year	**2.5**	1.9
Net book value at 30 June	**1.1**	1.1

17) Trade and other receivables

	Group		Company	
	2016 £m	2015 £m	**2016 £m**	2015 £m
Current				
Trade debtors	**56.8**	60.8	**3.5**	2.5
Prepayments	**3.0**	2.3	**1.7**	1.4
Loans due from subsidiaries	**–**	–	**277.5**	294.1
Amounts due from subsidiaries	**–**	–	**2.2**	151.0
Other receivables	**1.4**	0.9	**0.5**	2.8
Total trade and other receivables	**61.2**	64.0	**285.4**	451.8

Group trade debtors include all billed and unbilled management fees due to the Group at 30 June 2016 in respect of investment management services provided up to that date. Included in amounts due from subsidiaries for the Company are intercompany loans related to seed capital investments held by subsidiaries and trading balances. Intercompany loans are issued on commercial terms and repayable on demand.

18) Deferred taxation

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

	2016			2015		
Group	**Other temporary differences £m**	**Share-based payments £m**	**Total £m**	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	**8.9**	**10.6**	**19.5**	9.6	10.7	20.3
Deferred tax liabilities	**(5.2)**	**–**	**(5.2)**	(3.5)	–	(3.5)
	3.7	**10.6**	**14.3**	6.1	10.7	16.8

	2016			2015		
Company	**Other temporary differences £m**	**Share-based payments £m**	**Total £m**	Other temporary differences £m	Share-based payments £m	Total £m
Deferred tax assets	**0.1**	**8.1**	**8.2**	0.3	8.7	9.0

18) Deferred taxation continued

Movement of deferred tax balances

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

Group	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2014	4.9	11.9	16.8
Credited/(charged) to the consolidated statement of comprehensive income	1.2	(1.2)	–
At 30 June 2015	6.1	10.7	16.8
Credited/(charged) to the consolidated statement of comprehensive income	**(2.4)**	**(0.1)**	**(2.5)**
At 30 June 2016	**3.7**	**10.6**	**14.3**

Company	Other temporary differences £m	Share-based payments £m	Total £m
At 30 June 2014	0.3	11.9	12.2
Credited/(charged) to the statement of comprehensive income	–	(3.2)	(3.2)
At 30 June 2015	0.3	8.7	9.0
Credited/(charged) to the statement of comprehensive income	**(0.2)**	**(0.6)**	**(0.8)**
At 30 June 2016	**0.1**	**8.1**	**8.2**

Refer to the details in note 12 in relation to future changes to the UK corporation tax rate which have been reflected in the Group's deferred tax position.

19) Fair value of financial instruments

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

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of inputs used in making the measurements.

- 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.
- Level 3: Valuation techniques use significant unobservable inputs.

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

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

	2016				2015			
	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	**27.2**	**69.6**	**46.9**	**143.7**	36.8	46.7	47.5	131.0
Non-current financial assets held-for-sale	–	**78.6**	**28.1**	**106.7**	–	31.7	–	31.7
Available-for-sale financial assets	**0.4**	**0.4**	**8.0**	**8.8**	0.4	10.2	–	10.6
Fair value through profit or loss investments	–	**68.2**	–	**68.2**	–	61.8	–	61.8
Non-current asset investments	–	–	**11.7**	**11.7**	–	8.9	–	8.9
Derivative financial instruments	–	–	–	–	–	0.3	–	0.3
	27.6	**216.8**	**94.7**	**339.1**	37.2	159.6	47.5	244.3
Financial liabilities								
Third-party interests in consolidated funds	**11.0**	**36.2**	**28.4**	**75.6**	15.0	8.7	17.8	41.5
Derivative financial instruments	–	**4.5**	–	**4.5**	–	0.3	–	0.3
Non-current financial liabilities held-for-sale	–	**29.8**	–	**29.8**	–	11.0	–	11.0
	11.0	**70.5**	**28.4**	**109.9**	15.0	20.0	17.8	52.8

Certain investments within non-current assets and available-for-sale financial assets were transferred from Level 2 to Level 3 during the year. There were no transfers between Level 1 and Level 2 during the year (FY2014/15: none).

Changes in Level 3 financial assets and liabilities recognised at fair value on a recurring basis

	Investment securities £m	Non-current financial assets held-for-sale £m	Available-for-sale financial assets £m	Non-current asset investments £m	Third-party interests in consolidated funds £m
At 1 July 2015	–	–	–	–	–
Additions	47.6	–	–	–	17.8
Losses recognised in consolidated comprehensive income	(0.1)	–	–	–	–
At 30 June 2015	47.5	–	–	–	17.8
Additions	**22.0**	–	–	**1.1**	**10.0**
Transfers in from Level 2	**2.2**	–	**7.9**	**9.4**	–
Transfers from Consolidated funds to HFS investments	**(26.0)**	**26.0**	–	–	–
Gains recognised in consolidated comprehensive income	**1.2**	**2.1**	**0.1**	**1.2**	**0.6**
At 30 June 2016	**46.9**	**28.1**	**8.0**	**11.7**	**28.4**

Valuation of Level 3 financial liabilities recognised at fair value on a recurring basis

The measurement of investment securities and third-party interests in consolidated funds classified within Level 3 relates to investments made during the year in closed-end private equity funds that are neither listed on any stock exchange nor traded on any regulated markets. The Group considered it is more appropriate to classify these investments within Level 3 as the valuation is based on valuation techniques as reflected within the net asset values of the funds as provided by the administrator.

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 2016 and 2015.

20) Seed capital investments

The Group considers itself a sponsor of an investment fund when it facilitates the establishment of the fund in which the Group is the investment manager. The Group ordinarily provides seed capital in order to provide initial scale and facilitate marketing of the funds to third-party investors. The fund is then financed through the issue of units to 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	HFS investments £m	AFS investments £m	FVTPL investments £m	Investment securities (relating to consolidated funds)* £m	Other (relating to consolidated funds)** £m	Third-party interests in consolidated funds £m	Non-current asset investments £m	Total £m
Carrying amount at 30 June 2014	36.4	29.4	8.4	173.2	(1.6)	(69.7)	11.7	187.8
Net transfers:								
HFS to consolidated funds	(22.8)	–	–	30.7	–	(7.9)	–	–
HFS to FVTPL investments	(13.3)	–	13.3	–	–	–	–	–
Consolidated funds to FVTPL investments	–	–	42.6	(116.9)	–	74.3	–	–
Net purchases, disposals and fair value changes	20.4	(18.8)	(2.5)	44.0	17.1	(38.2)	(2.8)	19.2
Carrying amount at 30 June 2015	20.7	10.6	61.8	131.0	15.5	(41.5)	8.9	207.0
Net transfers:								
HFS to consolidated funds	**(15.8)**	–	–	**20.7**	–	**(4.9)**	–	–
FVTPL to HFS investments	**7.6**	–	**(7.6)**	–	–	–	–	–
Consolidated funds to HFS investments	**26.9**	–	–	**(26.9)**	–	–	–	–
Consolidated funds to FVTPL investments	–	–	**18.3**	**(47.3)**	–	**29.0**	–	–
Net purchases, disposals and fair value changes	**37.5**	**(1.8)**	**(4.3)**	**66.2**	**(10.7)**	**(58.2)**	**2.8**	**31.5**
Carrying amount at 30 June 2016	**76.9**	**8.8**	**68.2**	**143.7**	**4.8**	**(75.6)**	**11.7**	**238.5**

* Investment securities in consolidated funds are designated as FVTPL.

** Relates to cash and other assets in consolidated funds that are not investment securities.

a) Non-current assets and non-current 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, five funds (FY2014/15: eight) were seeded in this manner, met the above criteria, and consequently the assets and liabilities of these funds were initially classified as held-for-sale.

The non-current assets and liabilities held-for-sale at 30 June 2016 were as follows:

	2016 £m	2015 £m
Non-current financial assets held-for-sale	**106.7**	31.7
Non-current financial liabilities held-for-sale	**(29.8)**	(11.0)
Seed capital investments classified as held-for-sale	**76.9**	20.7

Investments cease to be classified as held-for-sale when they are no longer controlled by the Group. A loss of control may happen either 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 designated as FVTPL. No such funds were transferred to the FVTPL category during the year (FY2014/15: two funds were transferred to the FVTPL category after the Group reduced its interests following investment inflows from third parties).

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, seven such funds (FY2014/15: six) with an aggregate carrying amount of £15.8 million (FY2014/15: £22.8 million) were transferred from the 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 net gains of £4.2 million (FY2014/15: net gains of £2.1 million) in relation to held-for-sale investments.

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

b) Available-for-sale financial assets

Available-for-sale financial assets at 30 June 2016 comprise shares held in debt and equity funds as follows:

	2016 £m	2015 £m
Equities listed on stock exchange	**0.4**	0.4
Equity funds	**8.4**	7.9
Debt funds	**–**	2.3
Seed capital classified as available-for-sale	**8.8**	10.6

Included within other comprehensive income are net gains of £1.1 million (FY2014/15: net gains of £3.2 million) in relation to available-for-sale investments.

c) Fair value through profit or loss investments

Fair value through profit or loss investments at 30 June 2016 comprise shares held in debt and equity funds as follows:

	2016 £m	2015 £m
Equity funds	**46.6**	31.9
Debt funds	**21.6**	29.9
Seed capital classified as fair value through profit or loss investments	**68.2**	61.8

Included within finance income are net gains of £16.3 million (FY2014/15: net losses of £2.7 million) on the Group's fair value through profit or loss investments.

20) Seed capital investments continued

d) Consolidated funds

The Group has consolidated 14 investment funds as at 30 June 2016 (30 June 2015: 12 investment funds), over which the Group is deemed to have control (refer to note 26). 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.

	2016 £m	2015 £m
Investment securities	**143.7**	131.0
Cash and cash equivalents	**5.6**	15.7
Other	**(0.8)**	(0.2)
Third-party interests in consolidated funds	**(75.6)**	(41.5)
Consolidated seed capital investments	**72.9**	105.0

Investment securities are designated as FVTPL and include listed and unlisted equities and debt securities. Other includes trade receivables, trade payables and accruals.

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

Included within the consolidated statement of comprehensive income are net gains of £nil (FY2014/15: net losses of £0.2 million) relating to the Group's share of the results of the individual statements of comprehensive income for each of the consolidated funds, as follows:

	2016 £m	2015 £m
Finance income	**4.7**	5.3
Gains/(losses) on investment securities	**(5.7)**	(3.6)
Change in third-party interests in consolidated funds	**3.4**	0.8
Other expenses	**(2.4)**	(2.7)
Net gains/(losses) on consolidated funds	**–**	(0.2)

As of 30 June 2016, the Group's consolidated funds were domiciled in Indonesia, Luxembourg, Saudi Arabia, Turkey and the United States.

e) Non-current asset investments

Non-current asset investments relate to the Group's holding in closed-end funds and are designated as FVTPL. Fair value is assessed by taking account of the extent to which potential dilution of gains or losses may arise as a result of additional investors subscribing to the fund where the final close of a fund has not occurred.

	2016 £m	2015 £m
Non-current asset investments	**11.7**	8.9

Included within finance income are net losses of £0.4 million (FY2014/15: net losses of £2.9 million) on the Group's non-current asset investments.

21) Financial instrument risk management

Group

The Group is subject to strategic, business, client, investment, operational and treasury 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 held-for-sale, available-for-sale, FVTPL or non-current asset investment 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 32 to 37.

Capital management

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

As the Group is regulated by the United Kingdom's FCA, it is required to maintain appropriate capital and perform regular calculations of capital requirements. This includes development of an Internal Capital Adequacy Assessment Process (ICAAP), based upon the FCA's methodologies under the Capital Requirements Directive. The Group's Pillar III disclosures can be found on the Group's website at www.ashmoregroup.com. These disclosures indicate that the Group had excess capital of £490.9 million as at 30 June 2016 (30 June 2015: excess capital of £485.4 million) over the level of capital required under a Pillar II assessment. The objective of the assessment is to check that the Group has adequate capital to manage identified risks and the process includes conducting stress tests to identify capital and liquidity requirements under different future scenarios including a potential downturn.

All regulated entities within the Group have complied with regulatory requirements and filings that apply in the jurisdictions they operate.

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. The table below lists financial assets subject to credit risk.

	Notes	2016 £m	2015 £m
Investment securities	19	**143.7**	131.0
Non-current financial assets held-for-sale	19	**106.7**	31.7
Available-for-sale financial assets	19	**8.8**	10.6
Fair value through profit or loss investments	19	**68.2**	61.8
Derivative financial instruments	19	**–**	0.3
Trade and other receivables	17	**61.2**	64.0
Cash and cash equivalents		**364.0**	380.8
Total		**752.6**	680.2

Investment securities, derivative financial instruments, non-current financial assets held-for-sale, available-for-sale financial assets and FVTPL investments expose the Group to credit risk from various counterparties, which is monitored and reviewed by the Group.

The Group's cash and cash equivalents, comprised of short-term deposits with banks and liquidity funds, are predominantly held with counterparties with credit ratings ranging from A to AAA as at 30 June 2016 (30 June 2015: AA- to AAA).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2015: none). They include fee debtors that arise principally within the Group's investment management business. They are monitored regularly and, historically, default levels have been insignificant, and, unless a client has withdrawn funds, there is an ongoing relationship between the Group and the client. 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 maturity profile of the Group's contractual undiscounted financial liabilities is as follows:

At 30 June 2016

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Non-current liabilities held-for-sale	**29.8**	–	–	**29.8**
Third-party interests in consolidated funds	**75.6**	–	–	**75.6**
Derivative financial instruments	**4.5**	–	–	**4.5**
Current trade and other payables	**55.4**	–	–	**55.4**
	165.3	–	–	**165.3**

At 30 June 2015

	Within 1 year £m	1-5 years £m	More than 5 years £m	Total £m
Non-current liabilities held-for-sale	11.0	–	–	11.0
Third-party interests in consolidated funds	41.5	–	–	41.5
Derivative financial instruments	0.3	–	–	0.3
Current trade and other payables	54.1	–	–	54.1
	106.9	–	–	106.9

Details on leases and other commitments are provided in note 30.

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 bank deposits 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

	2016 %	2015 %
Deposits with banks and liquidity funds	**1.01**	1.17

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2016, 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 £1.0 million higher/lower (FY2014/15: £0.7 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 which 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, whilst 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 which are denominated mainly in US dollars, Colombian peso 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 1.0% exchange movement in the US dollar, Colombian peso and Indonesian rupiah, net of hedging activities.

	2016		2015	
Foreign currency sensitivity test	**Impact on profit before tax £m**	**Impact on equity £m**	Impact on profit before tax £m	Impact on equity £m
US dollar +/- 1%	**2.6**	**2.7**	2.4	2.6
Colombian peso +/- 1%	**0.1**	**0.1**	0.1	0.1
Indonesian rupiah +/- 1%	**0.4**	**0.3**	0.3	0.3

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 available-for-sale and non-current asset seed capital investments or indirectly either through line-by-line consolidation of underlying financial performance and positions held in certain funds or potential impairments when fair values less costs to sell of seed investments held-for-sale are less than carrying amounts. Details of seed capital investments held are given in note 20.

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

At 30 June 2016, a 5% movement in the fair value of these investments would have had a £11.9 million (FY2014/15: £10.4 million) impact on net assets and the impact on profit before tax would have been £7.8 million (FY2014/15: £4.6 million).

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, throughout Ashmore's history, 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$52.6 billion and applying the year's average net management fee rate of 55bps, a 5% movement in AuM would have a US$14.5 million (equivalent to £10.9 million using year end exchange rate of 1.3234) impact on management fee revenues (FY2014/15: using the year end AuM level of US$58.9 billion and applying the year's average net management fee rate of 59bps, a 5% movement in AuM would have a US$17.4 million (equivalent to £10.9 million using year end exchange rate of 1.5712) impact 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 2016, 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 2016 was £4.5 million (30 June 2015: £0.1 million foreign exchange hedges asset) and is included within the Group's derivative financial instrument assets.

21) Financial instrument risk management continued

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

	2016 Notional amount £m	2016 Fair value assets/ (liabilities) £m	2015 Notional amount £m	2015 Fair value assets/ (liabilities) £m
Cash flow hedges				
Foreign exchange nil-cost option collars	**85.0**	**(4.5)**	97.0	0.1
	85.0	**(4.5)**	97.0	0.1

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

Notional amount of option collars maturing:	2016 £m	2015 £m
Within 6 months	**40.0**	52.0
6-12 months	**30.0**	35.0
>12 months	**15.0**	10.0
	85.0	97.0

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.

A £3.9 million intrinsic loss (FY2014/15: £1.9 million intrinsic loss) on the Group's hedges has been recognised through other comprehensive income and £nil intrinsic value (FY2014/15: £nil) was reclassified from equity to the statement of comprehensive income in the year.

Included within the net realised and unrealised hedging gain of £1.1 million (note 7) recognised at 30 June 2016 (£0.4 million loss at 30 June 2015) are:

- a £0.6 million loss in respect of foreign exchange hedges covering net management fee income for the financial year ending 30 June 2016 (FY2014/15: £0.8 million loss in respect of foreign exchange hedges covering net management fee income for the financial year ended 30 June 2015); and
- a £1.7 million gain in respect of crystallised foreign exchange contracts (FY2014/15: £0.4 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 by credit rating:

	2016 £m	2015 £m
Cash and cash equivalents	**301.4**	114.5
Trade and other receivables	**285.4**	451.8
Total	**586.8**	566.3

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 AAA as at 30 June 2016 (30 June 2015: A- to A+).

All trade and other receivables are considered to be fully recoverable and none were overdue at year end (30 June 2015: none).

Liquidity risk

The contractual undiscounted cash flows relating to the Company's financial liabilities all fall due within one year.

Details on leases and other commitments are provided in note 30.

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

	2016 %	2015 %
Deposits with banks and liquidity funds	**0.59**	1.06

Deposits with banks and liquidity funds are repriced at intervals of less than one year.

At 30 June 2016, 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 £0.5 million higher/lower (FY2014/15: £0.3 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 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 2016, 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 £3.4 million respectively (FY2014/15: increased/decreased by £2.6 million respectively).

22) Share capital

Authorised share capital

Group and Company	**2016 Number of shares**	**2016 Nominal value £'000**	2015 Number of shares	2015 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	**2016 Number of shares**	**2016 Nominal value £'000**	2015 Number of shares	2015 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 2016 there were no options (30 June 2015: 175,000 options) in issue with contingent rights to the allotment of ordinary shares of 0.01p in the Company. There were also equity-settled share awards issued under the Omnibus Plan totalling 39,805,764 (30 June 2015: 35,333,782) shares that have release dates ranging from September 2016 to December 2020. Further details are provided in note 10.

23) Own shares

The Ashmore 2004 Employee Benefit Trust (EBT) acts as an agent to acquire and hold shares in Ashmore Group plc with a view to facilitating the recruitment and motivation of employees. As at the year end, the EBT owned 41,173,968 (30 June 2015: 37,889,347) ordinary shares of 0.01p with a nominal value of £4,117 (30 June 2015: £3,789) and shareholders' funds are reduced by £122.3 million (30 June 2015: £125.3 million) in this respect. It is the intention of the Directors to make these shares available to employees through the share-based compensation plans. The EBT is periodically funded by the Company for these purposes.

24) Treasury shares

Treasury shares held by the Company

	2016		2015	
Group and Company	**Number**	**£m**	Number	£m
Ashmore Group plc ordinary shares	**5,368,331**	**6.9**	5,368,331	6.9

24) Treasury shares continued

Reconciliation of treasury shares

	2016 Number	2015 Number
At the beginning and end of the year	**5,368,331**	5,368,331

The market value of treasury shares was £16.0 million at the year end (30 June 2015: £15.5 million).

25) Trade and other payables

	Group 2016 £m	Group 2015 £m	Company 2016 £m	Company 2015 £m
Current				
Trade and other payables	**19.9**	26.7	**39.9**	29.7
Accruals and deferred income	**35.5**	27.4	**2.5**	2.7
Amounts due to subsidiaries	**–**	–	**7.7**	5.5
Total trade and other payables	**55.4**	54.1	**50.1**	37.9

26) Interests in subsidiaries

Operating subsidiaries

Movements in investments in subsidiaries during the year were as follows:

Company	2016 £m	2015 £m
Cost		
At 30 June 2015	**20.1**	20.1
Disposals	**(0.1)**	–
At 30 June 2016	**20.0**	20.1

During the year the Company disposed of its investment in Ashmore Brasil Gestora de Recursos Limitada.

In the opinion of the Directors, the following subsidiary undertakings principally affected the Group's results or financial position at 30 June 2016. 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 Limited	Guernsey	**100.00**
Ashmore Investment Management (Singapore) Pte. Ltd.	Singapore	**100.00**
AA Development Capital Investment Managers (Mauritius) LLC	Mauritius	**55.00**
Ashmore Investments (India) Limited	Mauritius	**100.00**
Ashmore Investments (Turkey) NV	Netherlands	**92.50**
Ashmore Investment Management (US) Corporation	USA	**100.00**
PT Ashmore Asset Management Indonesia	Indonesia	**66.67**
Ashmore Investments Saudi Arabia	Saudi Arabia	**90.00**
Ashmore Investments (Colombia) SL	Spain	**100.00**
Ashmore Japan Co. Limited	Japan	**100.00**
Ashmore Investment Consulting (Beijing) Co. Limited	China	**100.00**
Ashmore Equities Holding Corporation	USA	**100.00**
Ashmore Equities Investment Management (US) LLC*	USA	**92.80**

* Non-controlling interests (NCI) have an economic interest in AEIM of 15.8% as at 30 June 2016. The results and net assets of AEIM for the year ended 30 June 2016, prepared in accordance with IFRS and modified for fair value adjustments on acquisition, were: net profit of £12.2 million, of which £0.4 million was attributable to NCI and net assets of £18.3 million, of which £2.9 million was attributable to NCI (30 June 2015: net profit of £16.9 million, of which £3.0 million was attributable to NCI and net assets of £27.1 million, of which £11.7 million was attributable to NCI).

Consolidated funds

The Group consolidated the following investment funds as at 30 June 2016 over which the Group is deemed to have control:

Name	Type of fund	Country of incorporation/ principal place of operation	**% of net assets value held by the Group**
Ashmore Special Opportunities Fund LP	Alternatives	Guernsey	**39.06**
Ashmore Emerging Markets Distressed Debt Fund	Corporate debt	Guernsey	**40.02**
Turkey Equity Fund	Corporate debt	Turkey	**73.76**
Ashmore SICAV 3 Chinese Debt Fund	Local currency	Luxembourg	**100.00**
Ashmore SICAV 2 Global Bond Fund	Local currency	Luxembourg	**100.00**
Ashmore Dana USD Equity Nusantara	Equity	Indonesia	**92.12**
Ashmore SICAV Turkish Equity Fund	Equity	Luxembourg	**99.45**
Ashmore SICAV 3 All Chinese Equity Fund	Equity	Luxembourg	**100.00**
Ashmore Saudi Equity Fund	Equity	Saudi Arabia	**46.55**
Ashmore Saudi GCC Equity Fund	Equity	Saudi Arabia	**38.50**
Ashmore Emerging Markets Frontier Equity Fund	Equity	USA	**37.18**
Ashmore Emerging Markets Equity Fund	Equity	USA	**58.71**
Ashmore Dana USD Nusantara	External debt	Indonesia	**100.00**
Ashmore Emerging Markets Hard Currency Debt Fund	External debt	USA	**95.15**

27) Interests in associates and joint arrangements

The Group held interests in the following associates and joint ventures as at 30 June 2016:

Name	Type	Nature of business	Country of incorporation/ formation and principal place of operation	% of equity shares held by the Group
VTB-Ashmore Capital Holdings Limited	Associate	Investment management	Russia	50%
Everbright Ashmore*	Associate	Investment management	China	30%
Ashmore-CCSC Fund Management Company Limited**	Joint venture	Investment management	China	49%

* Everbright Ashmore includes three related investment management entities.

** Refer to note 31 for details of change of interest post balance sheet date.

The associates and the joint venture are unlisted.

Movements in investments in associates and joint ventures during the year were as follows:

	2016			2015		
	Associates £m	**Joint ventures £m**	**Total £m**	Associates £m	Joint ventures £m	Total £m
At the beginning of the year	**1.4**	**5.9**	**7.3**	2.3	7.4	9.7
Additions	–	–	–	–	–	–
Share of profit/(loss)	–	**(1.7)**	**(1.7)**	(0.1)	(1.5)	(1.6)
Distributions	–	–	–	(0.6)	–	(0.6)
Foreign exchange revaluation	**0.2**	**0.5**	**0.7**	(0.2)	–	(0.2)
At the end of the year	**1.6**	**4.7**	**6.3**	1.4	5.9	7.3

Associates

The summarised aggregate financial information on associates is shown below.

Group	**2016 £m**	2015 £m
Total assets	**3.9**	3.3
Total liabilities	**(0.3)**	(0.3)
Net assets	**3.6**	3.0
Group's share of net assets	**1.1**	0.9
Revenue for the year	**0.5**	0.7
Profit for the year	–	(0.3)
Group's share of profit for the year	–	(0.1)

27) Interests in associates and joint arrangements continued

The carrying value of the investments in associates includes attributable goodwill that arose on acquisition of the associates. Although the Group's share of net assets of the associates is currently below the aggregate carrying value of the associates reflected on the consolidated balance sheet, the Group has considered that this position is temporary. No permanent impairment is believed to exist relating to the associates.

The Group has undrawn capital commitments of £4.8 million (30 June 2015: £4.2 million) to investment funds managed by the associates. Further details are provided in note 28.

Joint ventures

The Group owns 49% interest in a fund management joint venture with Central China Securities Co. Limited in China. Under the terms of the agreement and upon being granted the required approvals by the China Securities Regulatory Commission and other relevant government authorities, the Group contributed its share of the initial capitalisation, equivalent to £9.9 million.

Summarised financial information on the Group's share in the joint venture is shown below:

	2016 £m	2015 £m
Current assets	**1.9**	5.6
Non-current assets	**–**	–
Current liabilities	**(0.5)**	(0.3)
Total equity	**1.4**	5.3
Group's share of net assets	**0.7**	2.6
Loss for the year	**(3.4)**	(1.5)
Group's share of loss for the year	**(1.7)**	(0.7)

28) 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 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 Business review.

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 2016	**52.6**	**0.2**	**52.4**
30 June 2015	58.9	0.2	58.7

Included in the Group's consolidated management fees of £197.1 million (FY2014/15: £250.2 million) are management fees amounting to £195.4 million (FY2014/15: £245.8 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.

	2016 £m	2015 £m
Management fees receivable	**29.7**	46.5
Trade and other receivables	**24.8**	4.7
Seed capital investments	**165.6**	102.0
Total exposure	**220.1**	153.2

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.

The Group has undrawn investment commitments relating to structured entities as follows.

	2016 £m	2015 £m
AA Development Capital India Fund 1 LLC	**1.2**	1.0
Ashmore Emerging Markets Corporate Private Debt Fund	**1.0**	1.2
Ashmore Emerging Markets Distressed Debt Fund	**–**	1.4
Ashmore I – CAF Colombian Infrastructure Senior Debt Fund	**15.2**	–
Ashmore I – FCP Colombia Infrastructure Fund	**0.8**	2.3
Ashmore Special Opportunities Fund LP	**3.2**	6.9
Everbright Ashmore China Real Estate Fund	**1.4**	1.3
KCH Healthcare LLC	**5.2**	–
VTBC-Ashmore Real Estate Partners I, LP	**3.4**	2.9
Total undrawn investment commitments	**31.4**	17.0

29) 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 for employee services is shown below:

£m	2016 £m	2015 £m
Short-term employee benefits	**0.9**	1.4
Defined contribution pension costs	**–**	–
Share-based payment benefits	**2.2**	2.9
	3.1	4.3

Share-based payment benefits represent the fair value charge to the statement of comprehensive income of current year share awards.

Details of the remuneration of Directors are given in the Remuneration report on pages 54 to 67.

During the year, there were no other transactions entered into with key management personnel (FY2014/15: none). Aggregate key management personnel interests in consolidated funds at 30 June 2016 were £28.5 million (30 June 2015: £11.5 million).

Transactions with subsidiaries – Company

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

	2016 £m	2015 £m
Transactions during the year		
Management fees	**73.7**	78.8
Net dividends	**89.6**	141.1
Loans (repaid by)/given to subsidiaries	**(16.6)**	44.5

Amounts receivable or payable to subsidiaries are disclosed in notes 17 and 25, respectively.

Transactions with Ashmore Funds – Group

During the year, the Group received £89.4 million of gross management fees and performance fees (FY2014/15: £137.7 million) from the 91 funds (FY2014/15: 96 funds) it manages and which are classified as related parties. As at 30 June 2016 the Group had receivables due from funds of £1.5 million (30 June 2015: £46.8 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 shares awards. The EBT is included within the results of the Group and the Company. As at 30 June 2016 the loan outstanding was £112.6 million (30 June 2015: £149.0 million).

Transaction 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 into the countries and communities. The Group donated £0.1 million to the Foundation during the year (FY2014/15: £0.1 million).

30) Commitments

Operating lease commitments

The Group and Company have entered into certain property leases. The leases have no escalation clauses or renewal or purchase options, and no restrictions imposed on them. The future aggregate minimum lease payments under these non-cancellable operating leases fall due as follows:

Group

	2016 £m	2015 £m
Within 1 year	**3.2**	2.3
Between 1 and 5 years	**9.9**	8.5
Later than 5 years	**4.4**	6.6
	17.5	17.4

Company

	2016 £m	2015 £m
Within 1 year	**1.2**	1.2
Between 1 and 5 years	**4.6**	4.6
Later than 5 years	**2.9**	4.1
	8.7	9.9

Operating lease expenses are disclosed in note 11.

Company

The Company has undrawn loan commitments to other Group entities totalling £124.5 million (30 June 2015: £58.9 million) to support their investment activities but has no investment commitments of its own (30 June 2015: none).

31) Post-balance sheet events

During the year, Ashmore agreed the terms of a transaction whereby Taiping Group, one of the largest insurance companies in China, will acquire a majority stake in Ashmore's Shanghai-based China fund management joint venture, Ashmore-CCSC Fund Management Company Limited. The transaction received its final regulatory approval on 27 July 2016 and is expected to be completed in the first quarter of FY 2016/17. Post completion, Ashmore will retain a 15% stake in the joint venture. The regulatory approval of the transaction is a non-adjusting post balance sheet event.

32) Accounting estimates and judgements

Estimates and judgements used in preparing the financial statements are regularly evaluated and are based upon management's assessment of current and future events. The principal estimates and judgements that have a significant effect on the carrying amounts of assets and liabilities are discussed below.

Impairment of intangible assets

The Group tests goodwill and intangible assets annually for impairment. The recoverable amount for goodwill is determined in reference to the Group's market capitalisation, whereas the recoverable amount for intangible assets is determined based upon value in use calculations prepared on the basis of management's assumptions and estimates. The carrying value of goodwill and intangible assets on the Group's balance sheet at 30 June 2016 was £82.5 million (30 June 2015: £74.1 million). Management considers that reasonable possible changes in any of the key assumptions applied would not cause the carrying value of fund management relationships intangible asset to materially exceed its recoverable value. The recoverable amount of the intangible asset was determined to be higher than its carrying value as at 30 June 2016. Accordingly, no impairment charge was recognised during the year (see note 15).

Share-based payment transactions

The Group measures the cost of equity-settled and cash-settled share-based awards at fair value at the date of grant and expenses them over the vesting period based on the Group's estimate of the shares that will eventually vest. Market-related performance conditions are incorporated into the grant price of the awards. The estimation of the likelihood of the performance conditions being met is made at the time of granting the awards for equity-settled arrangements and also at each reporting date for cash-settled share-based arrangements.

Classification of seed capital investments

The Group invests seed capital from time to time to support the initial launch and growth of new products, such as SICAVs, private equity funds and alternative investment funds. The seed capital investments vary in duration depending on the nature of the product and the time expected to grow the funds to a size and track record required for participation by third-party investors. The Group reviews the size and nature of these investments to consider the level of control over the fund and to determine the appropriate classification for accounting either as full consolidation (where the Group concludes that it has control over the fund), using equity-method accounting (where the Group exercises significant influence or joint control), or as a financial asset classified as available-for-sale, held-for-sale or at fair value through profit or loss. In the case of seed capital investments, where the Group concludes that it does not have control over the fund, the Group is also not deemed to have significant influence over the fund, and therefore does not apply equity-method accounting. The Group would account for the seed capital investment as a financial asset, classified either as an available-for-sale financial asset, financial asset held-for-sale, or a financial asset at fair value through profit or loss. The Group considers that its seeding activity is intended to help establish a fund's track record and to provide initial scale until the fund has attracted sufficient third-party capital, at which stage the Group will actively seek to redeem and redeploy the seed capital.

Management exercises judgement to determine whether the Group controls an investment fund under IFRS 10, including making an assessment of whether the Group has power over the fund which the Group exercises primarily for self-benefit. Management also assesses the magnitude of the Group's aggregate economic interest in the fund (comprising direct interests, carried interests, expected management fees, fair value gains or losses, and distributions receivable from funds managed) relative to third-party investors, and whether third-party investors have substantive rights to remove the Group from acting as a fund manager without cause.

The Group has assessed and classified the following fund vehicles 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 20% (i.e. 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. Further details on the carrying values of these seed capital financial assets have been disclosed under note 20.

The disclosure of the AuM in respect of consolidated and unconsolidated structured entities is provided under note 28.

33) Subsidiaries and related undertakings

The following is a full list of the Ashmore Group plc subsidiaries and related undertakings as at 30 June 2016 pursuant to the requirements of Statutory Instrument 2015 No. 80 *The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015*. The list includes the Group's subsidiaries and related undertakings, all significant holdings (greater than 20% interest), associate undertakings, joint ventures and significant holdings in Ashmore sponsored public funds in which the Group has invested seed capital:

Name	Country of incorporation/principal place of operation	Classification	% interest
Ashmore Investment Consulting (Beijing) Co. Limited	China	Subsidiary	100.00
Ashmore Management Company Colombia SAS	Colombia	Subsidiary	61.00
Ashmore-CAF-AM Management Company SAS	Colombia	Subsidiary	53.66
Ashmore Management (DIFC) Limited	United Arab Emirates	Subsidiary	100.00
Ashmore Investments (UK) Limited	England and Wales	Subsidiary	100.00
Ashmore Investment Management Limited	England and Wales	Subsidiary	100.00
Ashmore Investment Advisors Limited	England and Wales	Subsidiary	100.00
Aldwych Administration Services Limited	England and Wales	Subsidiary	100.00
Ashmore Asset Management Limited	England and Wales	Subsidiary	100.00
Ashmore Emerging Markets Special Situation Opportunities Fund (GP) Limited	Guernsey	Subsidiary	100.00
Ashmore Investments (Brasil) Limited (in liquidation)	Guernsey	Subsidiary	100.00
Ashmore Management Company Limited	Guernsey	Subsidiary	100.00
Ashmore Management Company Turkey Limited	Guernsey	Subsidiary	100.00
Ashmore Private Equity Turkey Fund 1 (GP) Limited	Guernsey	Subsidiary	100.00
Ashmore Global Special Situations Fund 3 (GP) Limited	Guernsey	Subsidiary	100.00
Ashmore Global Special Situations Fund 4 (GP) Limited	Guernsey	Subsidiary	100.00
Ashmore Global Special Situations Fund 5 (GP) Limited	Guernsey	Subsidiary	100.00
Ashmore Special Opportunities (GP) Limited	Guernsey	Subsidiary	100.00
AA Indian Development Capital Advisors Private Limited (in liquidation)	India	Subsidiary	100.00
Ashmore Investment Advisors (India) Private Limited	India	Subsidiary	99.82
Ashmore-Centrum India Opportunities Investment Advisers Private Limited (in liquidation)	India	Subsidiary	51.00
Ashmore-Centrum Funds Trustee Company Private Limited (in liquidation)	India	Subsidiary	51.00
PT Ashmore Asset Management Indonesia	Indonesia	Subsidiary	66.67
Ashmore Japan Co. Limited	Japan	Subsidiary	100.00
AA Development Capital Investment Managers (Mauritius) LLC	Mauritius	Subsidiary	55.00
Ashmore Investments (India) Limited	Mauritius	Subsidiary	100.00
Ashmore Investments (Turkey) NV	Netherlands	Subsidiary	93.00
Ashmore Russia LLC (in liquidation)	Russia	Subsidiary	100.00
Ashmore Investment Saudi Arabia	Saudi Arabia	Subsidiary	90.00
Ashmore Investment Management (Singapore) Pte. Ltd.	Singapore	Subsidiary	100.00
Ashmore Investments (Colombia) SL	Spain	Subsidiary	100.00
Ashmore Portfoy Yonetimi Anonim Sirketi	Turkey	Subsidiary	99.96
Ashmore Emlak ve Yatirim Ltd Sirketi	Turkey	Subsidiary	100.00
Ashmore Investment Management (US) Corporation	USA	Subsidiary	100.00
Ashmore Equities Holding Corporation	USA	Subsidiary	100.00
Ashmore Equities Investment Management (US) LLC	USA	Subsidiary	92.80
Everbright Ashmore Real Estate Partners Limited	Cayman Islands	Associate	30.00
Everbright Ashmore Services and Consulting Limited	Cayman Islands	Associate	30.00
Everbright Ashmore Investment Management Limited	Cayman Islands	Associate	30.00
EA Team Investment Partners Limited	Cayman Islands	Associate	30.00
Ashmore – CCSC Fund Management Company Limited	China	Joint venture	49.00
VTB-Ashmore Capital Holdings Limited	Russia	Associate	50.00
VTBC-Ashmore Investment Management Limited	Guernsey	Associate	50.00
VTBC-Ashmore Partnership Management 1 Limited	Guernsey	Associate	50.00

Name	Country of incorporation/ principal place of business	Classification	% interest
Ashmore Special Opportunities Fund LP	Guernsey	Consolidated fund	39.06
Ashmore Emerging Markets Distressed Debt Fund	Guernsey	Consolidated fund	40.02
Ashmore Dana USD Equity Nusantara	Indonesia	Consolidated fund	92.12
Ashmore Dana USD Nusantara	Indonesia	Consolidated fund	100.00
Ashmore SICAV Turkish Equity Fund	Luxembourg	Consolidated fund	99.45
Ashmore SICAV 3 Chinese Debt Fund	Luxembourg	Consolidated fund	100.00
Ashmore SICAV 3 All Chinese Equity Fund	Luxembourg	Consolidated fund	100.00
Ashmore SICAV 2 Global Bond Fund	Luxembourg	Consolidated fund	100.00
Ashmore Saudi Equity Fund	Saudi Arabia	Consolidated fund	46.55
Ashmore Saudi GCC Equity Fund	Saudi Arabia	Consolidated fund	38.50
Turkey Equity Fund	Turkey	Consolidated fund	73.76
Ashmore Emerging Markets Hard Currency Debt Fund	USA	Consolidated fund	95.15
Ashmore Emerging Markets Frontier Equity Fund	USA	Consolidated fund	37.18
Ashmore Emerging Markets Equity Fund	USA	Consolidated fund	58.71
Everbright Ashmore China Real Estate Fund	China	Available-for-sale financial assets	22.78
Ashmore Dana Obligasi Nusantara	Indonesia	FVTPL investments	35.83
Ashmore SICAV 3 EM Multi Strategy Fund	Luxembourg	FVTPL investments	37.17
Ashmore SICAV Local Currency Bonds Broad Fund	Luxembourg	FVTPL investments	25.05
Ashmore Debt and Currency Fund Limited	Guernsey	Non-current assets held-for-sale	100.00
Ashmore SICAV Absolute Return Debt Fund	Luxembourg	Non-current assets held-for-sale	100.00
Ashmore Emerging Markets Short Duration Fund	USA	Non-current assets held-for-sale	58.09
Ashmore Emerging Markets Equity Opportunities Fund	USA	Non-current assets held-for-sale	98.97

Cautionary statement regarding forward-looking statements

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

Undue reliance should not be placed on any such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward looking statements. There are several factors that could cause actual results to differ materially from those expressed or implied in forward looking statements. Among the factors that could cause actual results to differ materially from those described in the forward looking statements are changes in global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions. The Group undertakes no obligation to revise or update any forward looking statement contained within this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

Five-year summary

	2016 £m	2015 £m	2014 £m	2013 £m	2012 £m
Management fees	**197.1**	250.2	283.1	316.0	302.6
Performance fees	**10.4**	13.3	3.1	33.4	25.4
Other revenue	**4.1**	4.6	7.9	6.2	6.2
Total revenue	**211.6**	268.1	294.1	355.6	334.2
Distribution costs	**(1.2)**	(2.9)	(4.6)	(4.8)	(3.7)
Foreign exchange	**22.1**	18.1	(26.6)	4.7	2.8
Net revenue	**232.5**	283.3	262.9	355.5	333.3
Gain/(loss) on investment securities	**(5.7)**	(3.6)	14.9	4.9	(0.4)
Change in third-party interests in consolidated funds	**3.4**	0.8	(6.1)	(1.2)	(0.4)
Personnel expenses	**(24.1)**	(24.8)	(24.6)	(25.1)	(23.6)
Variable compensation	**(35.6)**	(42.4)	(41.5)	(57.2)	(49.4)
Other operating expenses	**(32.6)**	(32.3)	(34.3)	(44.9)	(34.4)
Total operating expenses	**(94.6)**	(102.3)	(91.6)	(123.5)	(108.2)
Operating profit	**137.9**	181.0	171.3	232.0	225.1
Finance income	**31.5**	7.0	10.7	26.6	22.2
Finance expenses	**(0.2)**	(5.1)	(8.5)	(0.9)	(4.1)
Share of profits/(losses) from associates and joint ventures	**(1.7)**	(1.6)	(1.9)	(0.1)	–
Profit before tax	**167.5**	181.3	171.6	257.6	243.2
Tax expense	**(38.8)**	(41.3)	(36.9)	(56.0)	(57.5)
Profit for the year	**128.7**	140.0	134.7	201.6	185.7
EPS (basic)	**19.1p**	20.3p	19.5p	30.0p	26.8p
Dividend per share	**16.7p**	16.7p	16.5p	16.1p	15.0p
Other operating data (unaudited)					
AuM at period end (US$bn)	**52.6**	58.9	75.0	77.4	63.7
Average AuM (US$bn)	**52.1**	66.4	75.2	72.2	63.9
Average GBP:USD exchange rate for the year	**1.48**	1.58	1.63	1.57	1.59
Period end GBP:USD exchange rate for the year	**1.32**	1.57	1.71	1.52	1.57

Information for shareholders

Ashmore Group plc
Registered in England and Wales.
Company No. 3675683

Registered office
61 Aldwych
London WC2B 4AE
Tel: +44 (0) 20 3077 6000
Fax: +44 (0) 20 3077 6001

Principal UK trading subsidiary
Ashmore Investment Management Limited

Registered in England and Wales, Company No. 3344281.

Business address and registered office as above.

Further information on Ashmore Group plc can be found on the Company's website: www.ashmoregroup.com.

Financial calendar

First quarter AuM statement	**14 October 2016**
Annual General Meeting	**21 October 2016**
Ex-dividend date	**3 November 2016**
Record date	**4 November 2016**
Final dividend payment date	**2 December 2016**
Second quarter AuM statement	**January 2017**
Announcement of unaudited interim results for the six months ending 31 December 2016	**February 2017**
Third quarter AuM statement	**April 2017**
Fourth quarter AuM statement	**July 2017**
Announcement of results for the year ending 30 June 2017	**September 2017**

Registrar
Equiniti Registrars
Aspect House
Spencer Road
West Sussex
BN99 6DA

UK shareholder helpline: 0871 384 2812 (Calls to this number cost 8 pence per minute plus network extras. 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. Equiniti Registrars offer a secure, free and easy-to-use internet-based share dealing service known as Shareview Dealing.

You can log on at www.shareview.co.uk/dealing to access this service, or contact the helpline on 0845 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 2016 Annual Report and Accounts and other publications
Copies of the 2016 Annual Report and financial statements, the Notice of Annual General Meeting, other corporate publications, press releases and announcements are available on the Company's website at www.ashmoregroup.com.

Sharegift

Shareholders with only a small number of shares whose value makes them uneconomic to sell may wish to consider donating to charity through Sharegift, an independent charity share donation scheme.

For further information, please contact either the Registrar or see the Sharegift website at www.sharegift.org.

Frequent shareholder enquiries

Enquiries and notifications concerning dividends, share certificates or transfers and address changes should be sent to the Registrar; the Company's governance reports, corporate governance guidelines and the terms of reference of the Board committees can be found on the Company's website at www.ashmoregroup.com.

Notifying the Company of a change of address

You should notify Equiniti Registrars in writing.

If you hold shares in joint names, the notification to change address must be signed by the first-named shareholder. You may choose to do this online, by logging on to www.shareview.co.uk. You will need your shareholder reference number to access this service – this can be found on your share certificate or from a dividend counterfoil.

You will be asked to select your own PIN and a user ID will be posted to you.

Notifying the Company of a change of name

You should notify Equiniti Registrars in writing of your new name and previous name. You should attach a copy of your marriage certificate or your change of name deed, together with your share certificates and any un-cashed dividend cheques in your old name, so that the Registrar can reissue them.

Dividend payments directly into bank or building society accounts

We recommend that all dividend payments are made directly into a bank or building society account. Dividends are paid via BACS, providing tighter security and access to funds more quickly. To apply for a dividend mandate form, contact the Registrar, or you can find one by logging on to www.shareview.co.uk (under Frequently Asked Questions) or by calling the helpline on 0371 384 2812 (Lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047.

Transferring Ashmore Group plc shares

Transferring some or all of your shares to someone else (for example your partner or a member of your family) requires completion of a share transfer form, which is available from Equiniti Registrars. The form should be fully completed and returned with your share certificate representing at least the number of shares being transferred. The Registrar will then process the transfer and issue a balance share certificate to you if applicable. The Registrar will be able to help you with any questions you may have.

Lost share certificate(s)

Shareholders who lose their share certificate(s) or have their certificate(s) stolen should inform Equiniti Registrars immediately by calling the shareholder helpline on 0371 384 2812 (Lines are open 8.30am to 5.30pm, Monday to Friday).

International shareholder helpline: +44 121 415 7047.

Disability helpline

For shareholders with hearing difficulties, a special text phone number is available: 0371 384 2255.

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