

Ashmore Group

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Ashmore's emerging market assets plunge 22% in Q1 amid coronavirus sell-off

Ashmore Group PLC's (LON:ASHM) assets under management fell US\$21.6bn or 22% in the first quarter of 2020 due to a sell-off performance of its emerging markets debt markets cratered during the coronavirus outbreak.

Ending 31 March at US\$76.8bn having started the year at US\$98.4bn, AUM was hit by negative investment performance of US\$18bn and net investor outflows of US\$3.6bn in what is the third quarter of the FTSE 250 group's financial year.

The largest investment themes of blended debt, local currency and external debt saw falls of 19%, 23% and 19% respectively.

The largest decline of 39% was seen in the corporate debt theme, followed by 33% for equities and 25% for multi-asset, which are both smaller themes for the group.

With Ashmore funds generally underperforming falling benchmarks in the period analysts at broker Shore Capital said the investment performance was "materially worse than we had expected".

Net inflows had previously been on an extended positive run, with US\$10.9bn and US\$16.9bn in the previous two years and **US\$5.7bn in the first half** of the current year to June.

Ashmore said most staff were now working from home during the Covid-19 pandemic and said its "business model has several characteristics that have provided resilience in previous market dislocations", including "a flexible cost base with low fixed costs and a high operating margin".

The balance sheet has no debt and £700mIn of financial resources including more than £400mIn of cash.

Ashmore shares, which had fallen 35% since the start of the year, were up 1% to 337.6p on Thursday morning.

Analysts at Peel Hunt said that, although they were downgrading estimates by around 24%, the fall in the share price in 2020 left the shares "looking cheap with an attractive dividend yield of 5%".

Cutting the target price to 450p from 600p, still well above the current share price, the analysts raised their recommendation to 'buy' from 'hold'.

Price: 436.2

Market Cap: £3.11 billion

1 Year Share Price Graph



Share Information

Code: ASHM

Listing: LSE

52 week High Low
581.5 281.8

Sector: Investments and investor services

Website: www.ashmoregroup.com

Company Synopsis:

Ashmore Investment Management Limited is one of the world's leading investment managers dedicated to emerging markets with a history of consistently outperforming the market. Ashmore focuses on a number of investment themes including dollar debt, local currency, special situations (incorporating distressed debt and private equity) corporate high yield and equity.

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