

# Impax Asset Management



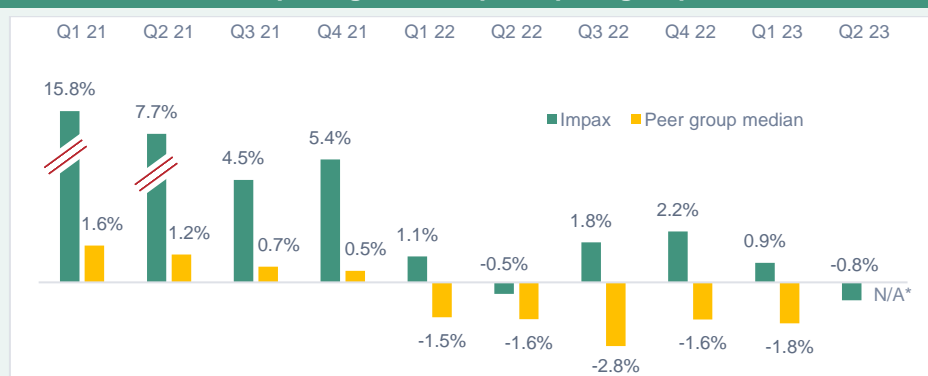
10 July 2023

## Slow Q3, dividend yield now over 5%

On 30 Jun 23 (end-Q3 FY23), AUM totalled £39.7bn, 1% (£0.4bn) down over the quarter (31 Mar 23: £40.1bn) but 11% up over the first 9 months of FY23 (30 Sep 22: £35.7bn). Encouragingly, AUM increased 2.2% over the last month of the quarter (31 May 23: £38.9bn).

Net flows dipped into negative territory at -£315m. However, this is only the second net quarterly outflow since 2015. The other (small) outflow was in the calendar-Q2-22 quarter, a period of sharp market falls and extreme investor uncertainty. We would highlight how strong Impax's net flows have been relative to other asset managers in both bull and bear markets.

### Net inflows as % of opening AUM: Impax v peer group<sup>1</sup>



Source: Company reports, ED analysis. Calendar-quarters shown. \*Peer-group data not yet available for Q2-23.

Market movements and investment performance had a -£83m impact on AUM.

## Outlook still bullish and recent share price fall looks unjustified

Although this quarter has been slow, there was positive momentum in June, and we haven't changed our FY23 (to 30 Sep 23) forecasts.

Our fundamental valuation / share remains at 900p, now 70% above the current share price. We also flag that Impax's PER has fallen back to peer-group median levels (see page 2), which looks strange considering its relative performance and its strong growth prospects (detailed in our 31 May 23 note [Poised to thrive in 'sustainable investing 2.0'](#)), We see potential for a significant company and sector re-rating.

### Summary financials & forecasts

Year end 30 Sep	FY20A	FY21A	FY22A	FY23E	FY24E
AUM, £bn	20.2	37.2	35.7	41.9	49.1
Revenue, £m	87.5	143.1	175.4	178.4	203.7
Adjusted Op. Profit <sup>2</sup> , £m	23.2	55.8	67.4	55.5	69.4
Net profit after tax	13.7	40.2	59.5	34.9	44.9
EPS basic, p	10.6	31.5	46.0	27.1	34.8
EPS adjusted & diluted, p	14.5	34.4	42.1	33.4	39.9
PER	50.0	16.8	11.5	19.6	15.2
Dividend, p	8.6	20.6	27.6	27.6	29.1
Yield	1.6%	3.9%	5.2%	5.2%	5.5%
Net assets, £m	71.4	110.5	138.2	133.8	135.8
Net cash, £m	38.8	74.2	110.9	107.2	114.0

Source: Group report & accounts and ED estimates

PER & Yield based on share price of: 530p

### Company Data

EPIC	IPX
Price (last close)	530p
52 weeks Hi/Lo	898p/487p
Market Cap	£703m
ED Fair Value/share	900p
Proforma net cash	£67m
Avg. daily volume	192k

### Share Price, p



Source: ADVFN

### Description

Impax is a specialist asset manager, focused on the growth opportunities arising from the transition to a sustainable economy. Founded in 1998, it offers a range of listed equities, fixed income, systematic, and private markets strategies.

AUM on 30 Jun 23: £39.7bn

Next Event, Q4 AUM update: Oct 23



### Paul Bryant (Analyst)

0207 065 2690  
[paul.bryant@equitydevelopment.co.uk](mailto:paul.bryant@equitydevelopment.co.uk)

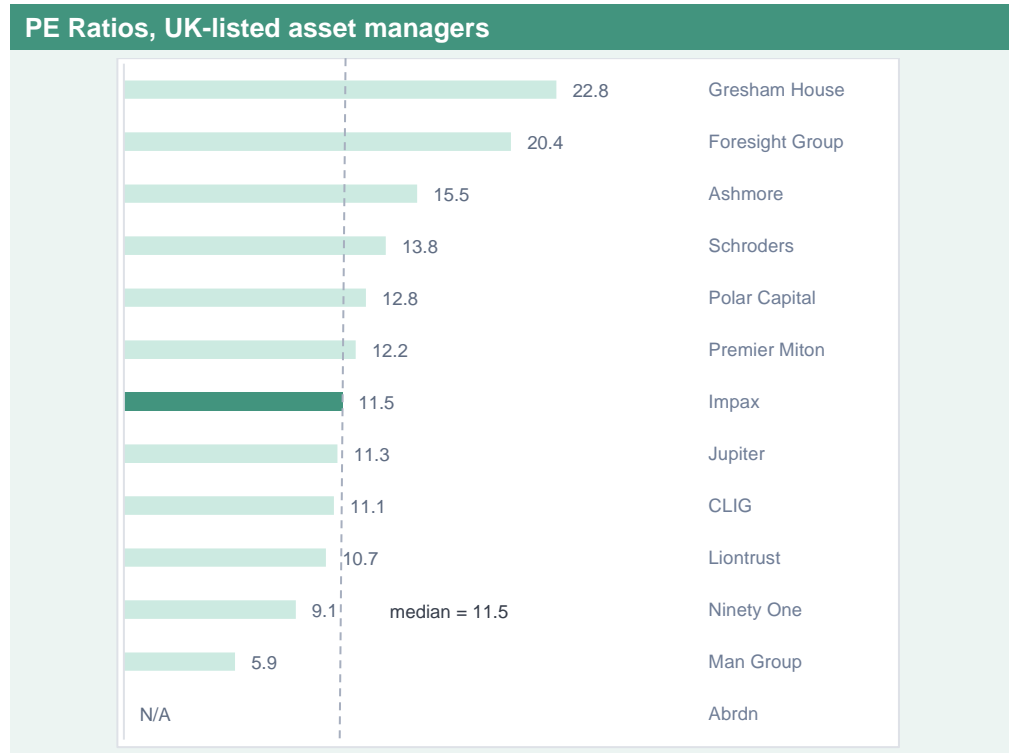
### Andy Edmond

0207 065 2691  
[andy@equitydevelopment.co.uk](mailto:andy@equitydevelopment.co.uk)

## Recent share price fall erases valuation premium

Impax's share price has fallen sharply recently (see chart on page 1), more than most other asset managers, which has led to its PER falling to the median level of a UK-listed peer group.

**Given its consistent outperformance and strong growth prospects we find this strange and wouldn't be surprised to see Impax return to a top-quartile (or higher) ranking.**



Source: Company reports, ED analysis. Data as at 7 July 2023.

Moreover, we also highlight that asset managers' PERs have fallen sharply since the end of the bull market in early-2022 (by nearly two-thirds!). In January 2022, we recorded an asset manager peer group median PER of 31.3, which is now just 11.5.

**We suspect that asset management sector PERs may recover quite sharply should markets stage a recovery.**

<sup>1</sup> Peer group includes: Man Group, Ashmore, Jupiter, Liontrust, Polar, Premier Miton, CLIG. Quarterly net flow splits not available for: Schroders, Foresight, Gresham House, Ninety One, Abrdn.

<sup>2</sup> Eliminates non-recurring acquisition costs, amort. of intangibles acquired, one-off tax credits & M-T-M of NI on equity awards



## Contacts

### Andy Edmond

Direct: 020 7065 2691

Tel: 020 7065 2690

[andy@equitydevelopment.co.uk](mailto:andy@equitydevelopment.co.uk)

### Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

[hannah@equitydevelopment.co.uk](mailto:hannah@equitydevelopment.co.uk)

**Equity Development Limited is regulated by the Financial Conduct Authority**

## Disclaimer

Equity Development Limited ('ED') is retained to act as financial adviser for its corporate clients, some or all of whom may now or in the future have an interest in the contents of this document. ED produces and distributes research for these corporate clients to persons who are not clients of ED. In the preparation of this report ED has taken professional efforts to ensure that the facts stated herein are clear, fair and not misleading, but makes no guarantee as to the accuracy or completeness of the information or opinions contained herein.

This document has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom ('FSMA'). Any reader of this research should not act or rely on this document or any of its contents. This report is being provided by ED to provide background information about the subject of the research to relevant persons, as defined by the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

Research produced and distributed by ED on its client companies is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent as defined by the FCA but is 'objective' in that the authors are stating their own opinions. This document is prepared for clients under UK law. In the UK, companies quoted on AIM are subject to lighter due diligence than shares quoted on the main market and are therefore more likely to carry a higher degree of risk than main market companies.

ED may in the future provide, or may have in the past provided, investment banking services to the subject of this report. ED, its Directors or persons connected may at some time in the future have, or have had in the past, a material investment in the Company. ED, its affiliates, officers, directors and employees, will not be liable for any loss or damage arising from any use of this document to the maximum extent that the law permits.

More information is available on our website [www.equitydevelopment.co.uk](http://www.equitydevelopment.co.uk)

Equity Development, Park House, 16-18 Finsbury Circus, London EC2M 7EB

Contact: [info@equitydevelopment.co.uk](mailto:info@equitydevelopment.co.uk) | 020 7065 2690