

AUM growth ahead of forecasts and segment

7 September 2021

On 31 August 2021, two months into financial Q4 and 11 months into FY21, AUM reached £38.0bn, substantially above our forecast year-end (30 Sep 21) estimate of £34.5bn. AUM jumped £3.6bn in the first two months of Q4, and is now 88% above the closing level of FY20 (£20.2bn). This sets Impax up to almost certainly exceed our existing year-end forecasts of revenue (£134m), adjusted operating profit (£45m), and net cash (£54m) by some margin.

Impax is obviously benefitting from the structural shift towards sustainable investing, but it is important to highlight that it is flying faster than these market tailwinds.

Globally, over the first six months of (calendar-year) 2021 the total assets managed by sustainable funds grew by 32% from US\$1.7trn to US\$2.2trn¹. Impax's AUM grew by 37% from £25.2bn to £34.4bn over the same period.

Flows into sustainable funds totaled US\$323bn in H1 '21, 19% of total sustainable fund assets at the start of the year. Impax's net inflows were stronger, at 25% of opening AUM over the same period.

While Impax's inflow / market performance split of the two months of financial-Q4 (Jul and Aug 21) is not available (it reports this split quarterly), it is highly probable that net inflows have remained extremely strong. Impax's total AUM increase over this period was 10.2%, far in excess of global market performance (the MSCI All Country World Index increased 2.9% over the same period²).

Awaiting full year updates

Impax has previously provided in early October a more detailed breakdown of its AUM position for the full financial year just closed – splitting out client flows versus market moves and also providing operating unit AUM performance.

Such time would be appropriate for us to update our forecasts and valuation.

Key financials				
Year-end 30 Sep	2017A	2018A	2019A	2020A
AUM, £bn	7.3	12.5	15.1	20.2
Revenue, £m	32.7	65.7	73.7	87.5
Adjusted Op. Profit, £m	9.3	20.0	18.0	23.2
Adjusted EPS, diluted, p	6.2	12.4	11.5	14.5
PER	192.6	96.3	103.8	82.3
Dividend, p	2.9	4.1	5.5	8.6
Yield	0.2%	0.3%	0.5%	0.7%
Net assets, £m	35.6	53.5	63.2	71.4
Net cash [*] , £m	20.7	16.8	27.2	38.8

Source: Group report & accounts and ED

Adj. results eliminate non-recurring acquisition costs, on-going amortisation of intangibles acquired, one-off tax credits and mark-to-market charges on equity award schemes. PER, and Yield calculations based on a share price of 1194p.

* Includes funds in money market & LT deposit accounts and 3rd-party interest on consolidated funds (therefore differs slightly from 'cash reserves' which excludes 3rd-party interest on cons. funds)

¹ Morningstar, Global Sustainable Fund Flows: Q2 2021 in Review. Note: Morningstar global sustainable fund universe encompasses open-end funds and exchange-traded funds globally that, by prospectus, factsheet, or other available resources, claim to have a sustainability objective and/or use binding environmental, social, and governance criteria for their investment selection. The sustainable funds group does not contain funds that employ only limited exclusionary screens such as controversial weapons, tobacco, and thermal coal, nor does it contain the growing number of funds that now formally integrate ESG considerations in a nondeterminative way for their investment selection. Money market funds, feeder funds, and funds of funds are excluded.

² msci.com/acwi

Company Data

EPIC	IPX
Price (last close)	1194p
52 weeks Hi/Lo	1330p/460p
Market cap	£1,607m
ED Core Value/share	1205p
Proforma net cash	£38.3m
Avg. daily volume	166k

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 thematic and unconstrained global equity strategies, real asset funds, as well as smart beta and fixed income strategies.

Aggregate AUM at end Aug 2021 was £38bn



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