

Q1-26 AUM -7% as expected, forecasts unchanged

AUM fell 7% over Q1-26 (1 Oct 25 - 31 Dec 25) from £26.1bn to £24.2bn. Investment performance was marginally negative at -£0.2bn with net outflows of £1.6bn. This was largely as expected and in line with Impax's FY25 results commentary in late-Nov 25, which said that net outflows were likely to persist in the first part of FY26, with net flows improving over the year.

Being so early in the financial year, and with positive markets in Jan 26, our forecasts remain unchanged, as does our fundamental valuation of 380p, >2x the share price. This valuation disconnect is further reflected in a lowest-in-sector PER of 9.3x. The discount seems excessive considering Impax's strategic positioning, profit levels, and strong balance sheet (net cash and investments on 30 Sep 25 make up 45% of current market cap) – see [page 2](#).

Outflows in parts of a sustainable fund market that is large and growing

Net flows reflect current global trends in sustainable investing. LSEG Lipper 'responsible investing' data ([page 3](#)) shows equity funds suffering outflows for most of 2025 (equities make up 88% of Impax AUM), with robust inflows for bond funds (a strategic growth focus of Impax, currently 10% of AUM).

But there is widespread confidence in the future of sustainable investing. In its Dec 25 report: [Sustainable Investing Trends to Watch in 2026](#), Morningstar/Sustainalytics wrote: "Recent investor surveys point to a bright future for sustainable investing... 88% of global individual investors are interested in sustainable investing. The younger generation shows the greatest interest, signalling that sustainability will become an even stronger focus as their financial influence grows. Similarly, 86% of asset owners expect to increase allocations to sustainable investments in the next two years." (Impax's clients are mostly these 'asset owners' or institutional investors).

We reiterate commentary from our Nov 25 note: [Stabilising after tough FY25, with huge opportunities](#): "Our expectation is that Impax will return to robust long-term growth. It operates in the sustainable investing space which, despite many headlines to the contrary, is a huge US\$3.7trn market that is growing... Impax is uniquely placed... It has been focused on finding economically attractive investments within the sustainable transition for 27 years. It has not opportunistically ridden the 'ESG bandwagon'. As others exit this space and the number of competing funds fall, Impax can thrive".

Also worth a mention is that Impax is still **attracting top talent**. In Jan 26 it appointed former HSBC Asset Management UK CEO Stuart White as executive director for business development.

Key financials & valuation metrics

Year to 30 Sep (£m)	FY23A	FY24A	FY25A	FY26E	FY27E
AUM (£bn)	37.4	37.2	26.1	28.1	32.2
Revenue	178.4	170.1	141.9	129.1	141.2
Adj. Op. Profit	58.1	52.7	33.6	29.5	35.3
PAT	39.2	36.5	20.3	22.0	26.3
EPS basic (p)	30.5	28.5	15.9	18.1	21.7
EPS adj. & dil. (p)	35.2	32.2	21.3	19.6	23.1
Net cash*	91.5	93.1	68.0	73.3	82.1
P/E	4.9	5.2	9.3	8.2	6.9
DPS (p)	27.6	27.6	12.0	13.0	14.0
Dividend yield	18.5%	18.5%	8.1%	8.7%	9.4%

Source: Company data, Equity Development, Priced at 09/01/26. *ex leases

12 January 2026

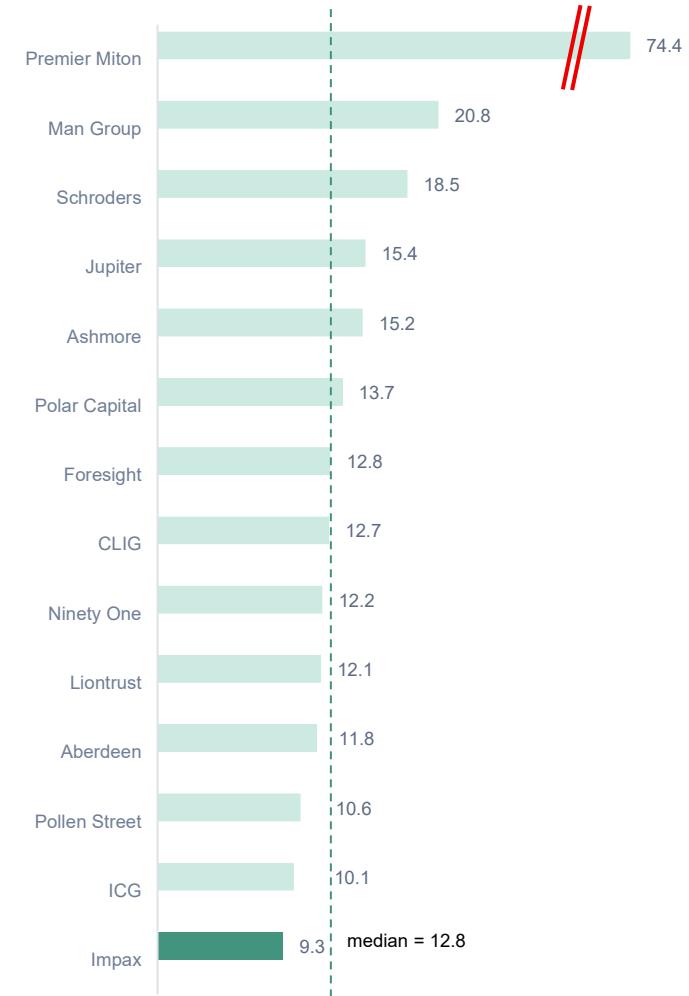
Company data	
EPIC	IPXL
Price (last close)	149p
52 weeks Hi/Lo	224p/121p
Market cap	£189m
ED Fair Value / share	380p
Net cash* 2025A	£68m
Avg. daily volume (3m)	495k
Share price, p	
	
Source: Investing.com	
Description	
Founded in 1998, Impax is a specialist asset manager, with approximately £24.2 billion of AUM on 31 December 2025, in both listed and private markets strategies, investing in the transition to a more sustainable global economy.	
It seeks to invest in higher quality companies with strong business models that demonstrate sound management of risk. Its investment solutions span multiple asset classes and seek superior risk-adjusted returns over the medium to long term.	
Next event	
Q2-26 AUM update, Apr 2026	
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Impax's lowest-in-sector PER looks unjustified

PER of 9.3x seems far too low given balance sheet and other fundamentals

- Impax's PER is **just 9.3x**, the lowest in the sector.
- At the time of publication, **Impax's net cash (£68m on 30 Sep 25) and on-balance sheet investments (£17m) make up 45% of its current market cap** (following the completion of its £10m share buyback programme on 22 Dec 25), which suggests the value of its fee-earning fund management business carries only a mid-single-digit PER.
- This looks unjustified for a range of reasons, even though it has suffered from heavy recent outflows:
 - Impax has a highly differentiated and credible offering, and **it's medium to long-term growth prospects are strong**, as fully detailed in our FY25 results commentary: [Stabilising after tough FY25, with huge opportunities](#).
 - Its **profits are still solid** with a c. 24% adjusted operating margin in FY25 and profit after tax of £20m. While an upwards step-change in profits may take a little time as FY26 starts on a low AUM base, which will depress average-AUM and revenue in the short term, Impax has cut its cost base (headcount down by 45 or 15% over FY25), so **operating leverage should kick in with growth**. We see solid profit growth post-FY26.
 - **Even after a dividend cut, its FY25 dividend yield is 8%**.

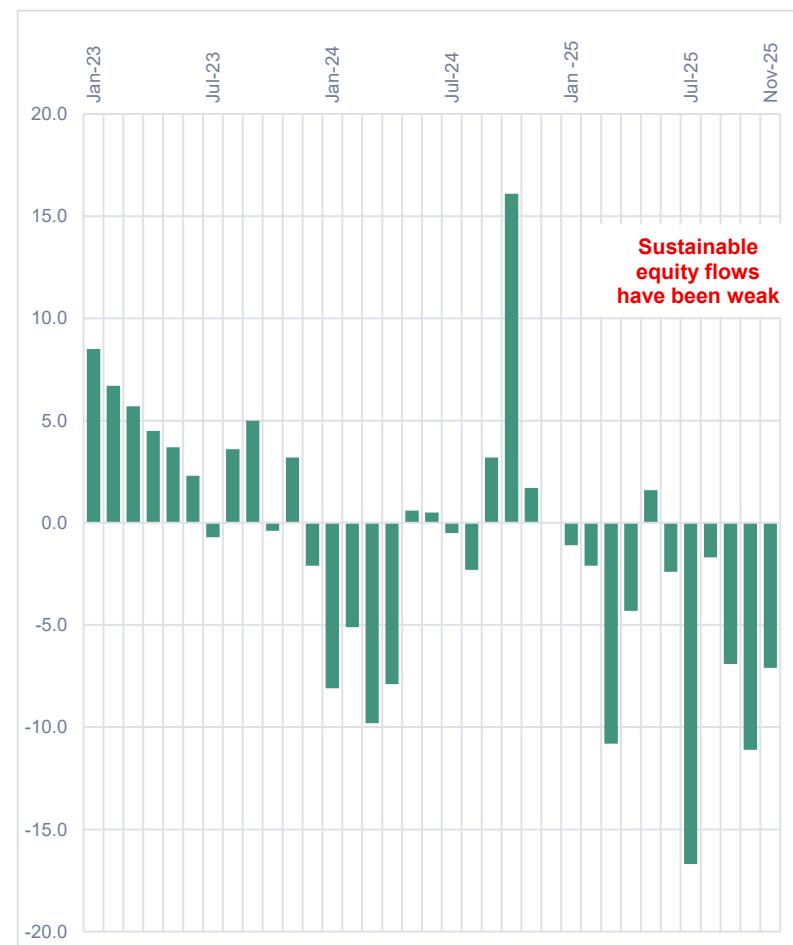
PER (TTM) peer group comparison



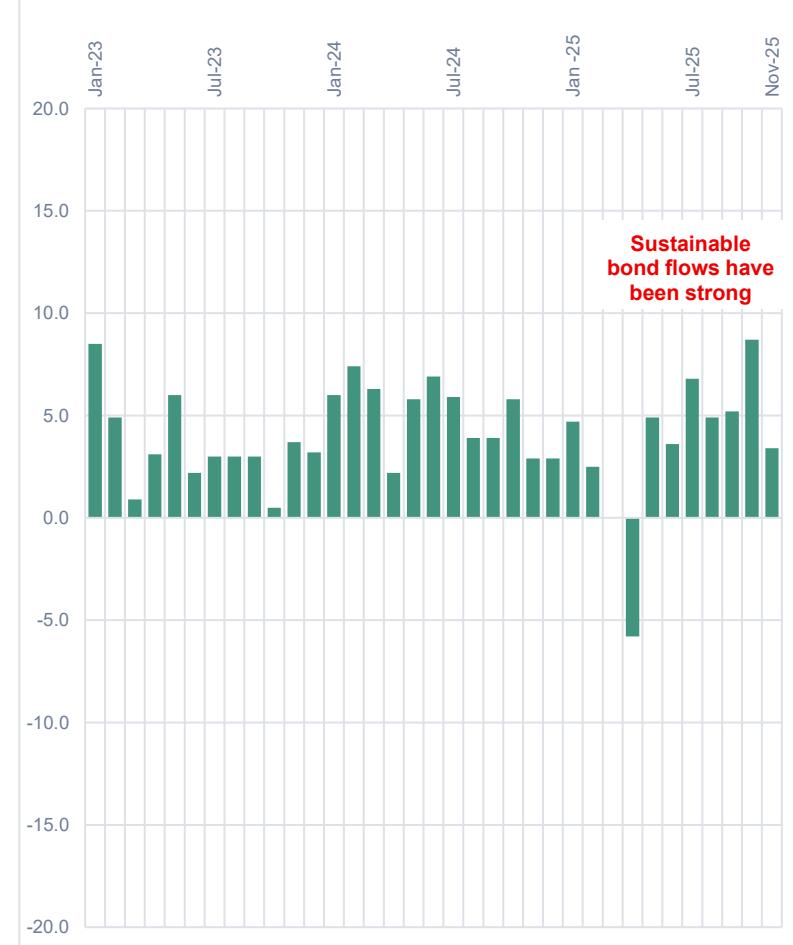
Source: London Stock Exchange, company announcements. PERs based on share prices on 09/01/26 and latest available basic EPS on Trailing Twelve Months (TTM) basis on that date.

Recent trends: sustainable bond fund flows strong, equity flows weak

Global Responsible Investment net flows (Equities), US\$bn



Global Responsible Investment net flows (Bonds), US\$bn



Source: LSEG Lipper: [Global Responsible Investments Fund Market Statistics for November \(2025\)](#). Charts reproduced with permission. Data includes sustainable funds, defined as all SFDR Article 9 funds plus all Lipper Responsible Investment Attribute funds reduced to those containing indicative sustainable keywords in the fund name. US and Canadian funds will align to Lipper's Responsible Investment Attributes with no further screening



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