

Weak flows in Q4'26 but positive outlook for FY27

13 October 2026

AUM closed FY26 (1 Oct 25 - 30 Sep 26) on £20.0bn, below our previous forecast of £22.8bn. Q4 saw relatively heavy outflows of £2.4bn with markets responsible for a £0.9bn decline in AUM. Impax attributed a large part of recent outflows to the *'lag effect of clients responding to the previous weaker investment performance of some strategies.'*

Impax has, however, stressed that since the start of 2026, some environmental themes have performed more positively versus benchmarks and peers. Management financial expectations for FY26 are unchanged and positive net flows are expected in FY27, although our forecasts are reduced in FY27 due to the lower starting AUM level.

Impax has cited particular investor interest in energy security, resource efficiency and electrification. It is particularly bullish on its US business (see below), fixed income, and its BNP Paribas business (Impax's largest distribution partner). Its private markets team is also now seeking to raise additional capital for investment opportunities across Europe.

Recent outflows reflect that of most active equity funds in the UK (page 2). But the sustainable investing space is showing signs of recovery (page 3). Europe recorded strong positive net flows in calendar Q1 and Q2 of 2026, while the US, somewhat surprisingly to us, returned to positive flows for the first time since 2022. Indeed, Impax's systematic equities strategies in the US have recorded positive net inflows recently. **The positive signs for sustainable investing flows back up management's positivity for FY27.** We maintain our expectation that Impax will return to robust long-term growth and it operates in a huge sustainable investing market which topped \$3.7 trillion at the end of June.

Fair value falls to 220p per share

Our FY26 P&L forecasts are unchanged on management's comments. However, we reduce FY27 forecasts due to a lower starting-AUM level than previously assumed. Our FY27 revenue forecast reduces from £111.5m to £101.7m, and our adjusted operating profit forecast from £17.3m to £14.9m (page 4). We note that ongoing cost reductions and the variable-pay slant of Impax's remuneration structure cushion the impact on profitability, with adjusted operating margin largely unchanged.

Our DCF valuation falls from 250p to 220p, reflecting the dip in Q4 AUM and a higher discount rate due to a jump in gilt yields, but this remains more than twice the share price.

Company data

EPIC	IPX.L
Price (last close)	101.4p
52 weeks Hi/Lo	195p/93p
Market cap	£129m
ED Fair Value / share	220p
Net cash H126A	£47m
Avg. daily volume (3m)	336k

Share price, p



Source: Investing.com

Description

Founded in 1998, Impax is a specialist asset manager, with approximately £20.0 billion of AUM on 30 Sep 2026, 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

FY26 results, Nov 2026

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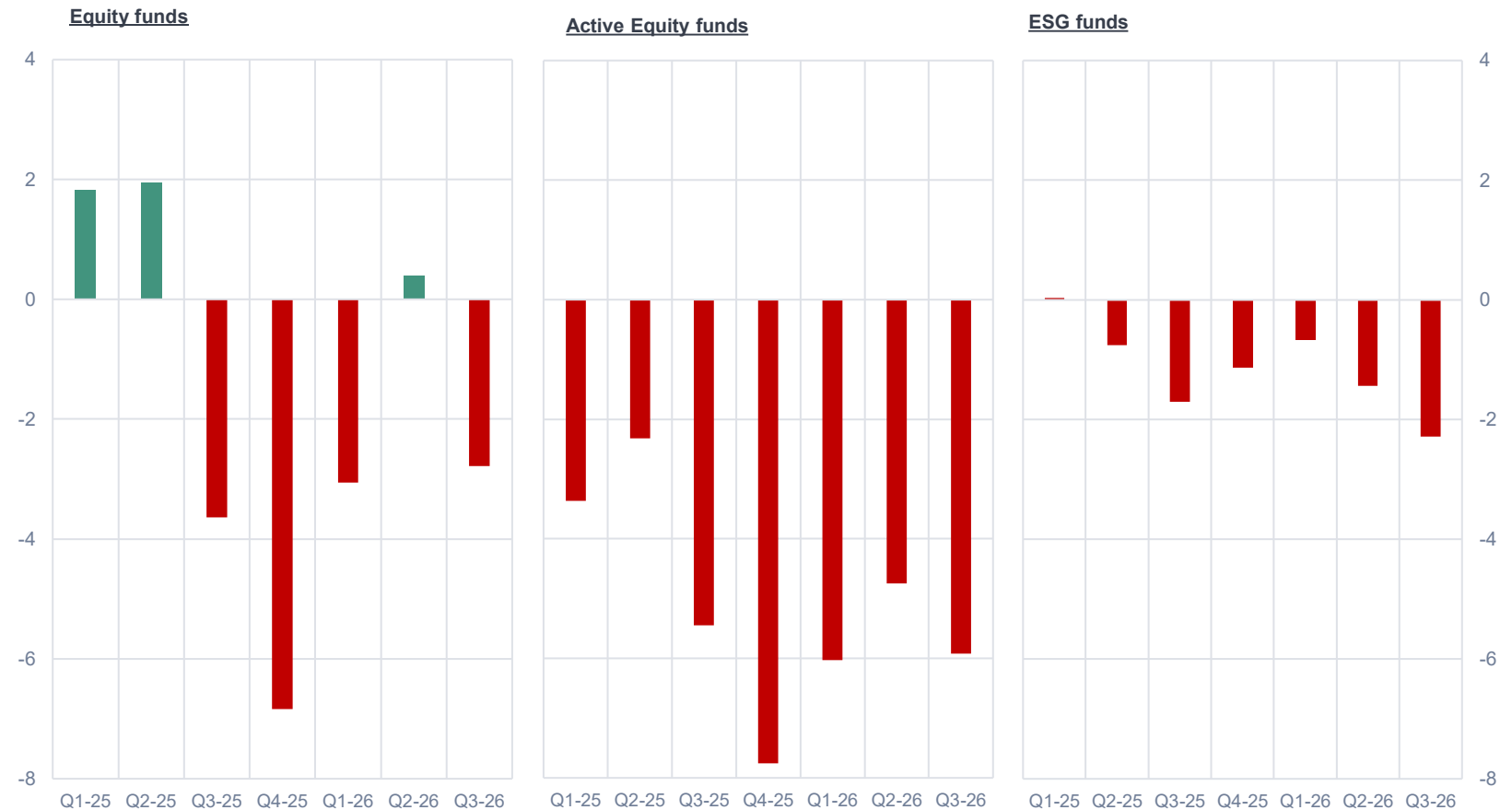
Key financials & valuation metrics

Year to 30 Sep (£m)	FY23A	FY24A	FY25A	FY26E	FY27E
AUM (£bn)	37.4	37.2	26.1	20.0	23.0
Revenue	178.4	170.1	141.9	111.6	101.7
Adj. Op. Profit	58.1	52.7	33.6	15.7	14.9
Adj. Op. Margin	33%	31%	24%	14%	15%
PAT	39.2	36.5	20.3	8.6	10.8
EPS basic (p)	30.5	28.5	15.9	7.1	8.9
EPS adj. & dil. (p)	35.2	32.2	21.3	10.9	10.4
Net cash	91.5	93.1	68.0	61.3	62.3
P/E	3.3	3.6	6.4	14.3	11.4
DPS (p)	27.6	27.6	12.0	7.0	7.0
Dividend yield	27.2%	27.2%	11.8%	6.9%	6.9%

Source: Company data, Equity Development, priced at 12/10/26

Active equity funds in the UK have seen heavy outflows in recent quarters...

UK open-ended net fund flows by calendar quarter, £bn



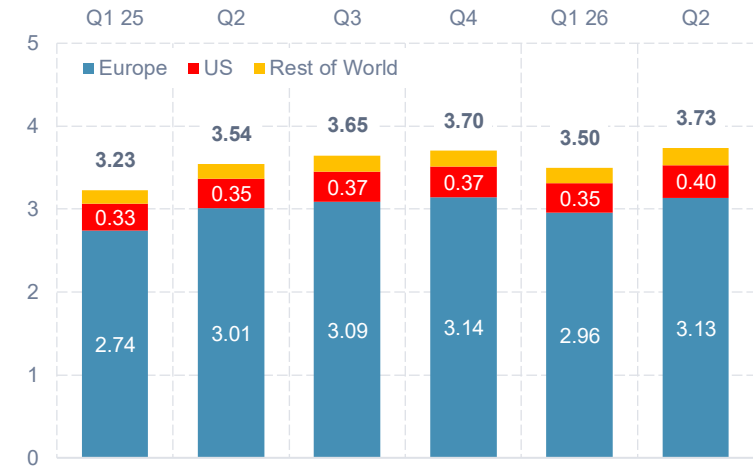
Source: [Calastone Fund Flow Index](#), October 2026. Chart reproduced with permission. Calastone measures orders from UK-based investors into funds domiciled in the UK. Note that this has nothing to do with where the underlying assets are invested – a UK-domiciled fund may invest in Japanese equities, Australian fixed income, a global portfolio of mixed assets, or just UK equities.

... but Impax's global opportunity is huge, with signs of a sustainable investing recovery

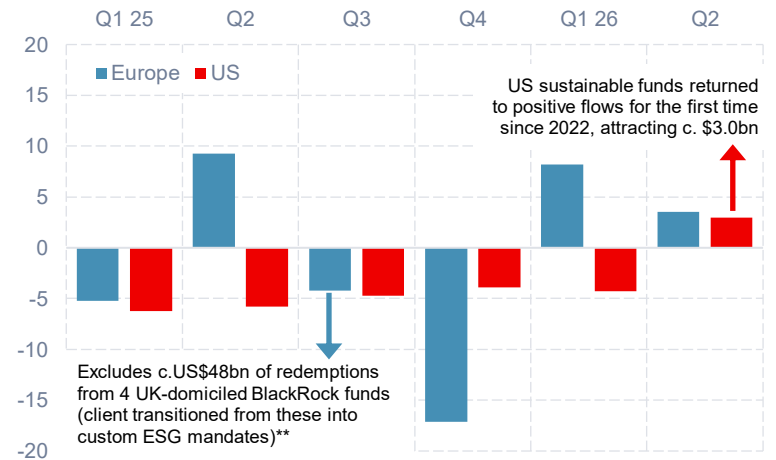
Europe dominates market, with recent flows positive in Europe and the US

- The size of the global sustainable fund* market topped \$3.7 trillion in Q2 26. While not a perfect match to Impax's target market, the size of this market certainly confirms that **Impax has an enormous opportunity to grow, even if it captures a tiny incremental market share** (current market share <1%).
- Europe makes up c. 84% of the global sustainable fund market, with c. \$3.1 trillion of assets. The US makes up c. 11% with c. \$400bn. But this is a tiny share of the total US fund market, so there is material potential to grow.
- Recent growth has been driven by strong markets, with flows mostly negative in 2025 (bottom chart). Impax was severely impacted by this trend of outflows in 2025, and into 2026. However:
 - The **European market recorded relatively strong positive net flows in Q1 and Q2 of 2026.**
 - The **US returned to positive flows for the first time since 2022** in Q2 of 2026. Impax experienced some of this turnaround, when in calendar-Q1 of 2026, its systematic equities funds in the US recorded net inflows.

Global sustainable fund* assets, US\$trn



European and US sustainable fund* net flows, US\$bn



All statistics quoted above sourced from Morningstar report: [Global Sustainable Fund Flows: Q2 2026 in Review](#). *Global sustainable fund universe encompasses open-end funds and ETFs that, by prospectus or other regulatory filings, claim to focus on sustainability; impact; or ESG factors.

Source: Morningstar: [Global Sustainable Fund Flows: Q2 2026 in Review](#). Chart reproduced with permission. Q2 26 data excludes China's flows - not available at the time of publication. **Source: Morningstar: [Global Sustainable Fund Flows: Q3 2025 in Review](#).

Updated forecasts

Our FY26 financial forecasts are unchanged, in line with management's unchanged expectations for this financial year.

For FY27:

- We reduce our AUM forecast downwards slightly, mainly because of a lower starting AUM level, but note management's positive statements regarding the likelihood of a return to net inflows.
- Our revenue forecast is impacted by a lower average AUM level.
- However, Impax's cost reduction programme, and its variable pay structure reduce the impact on profitability, and while adjusted operating profit is expected to fall in FY27, adjusted operating margin is expected to hold at a similar level to that of FY26.
- The profit fall in FY27 leads us to reduce the expected dividend from 8p to 7p.

Forecast changes

Year to 30 Sep (£m)	FY26E			FY27E		
	Revised	Old	Change	Revised	Old	Change
AUM (£bn)	20.0	22.8	-12%	23.0	24.3	-6%
Revenue	111.6	111.6	0%	101.7	111.5	-9%
Adjusted Op. costs*	95.9	95.9	0%	86.8	94.2	-8%
Adjusted Op. Profit*	15.7	15.7	0%	14.9	17.3	-14%
Adjusted Op. margin	14.1%	14.1%		14.7%	15.5%	
Net profit after tax	8.6	8.6	0%	10.8	12.6	-14%
EPS basic, p	7.1	7.1	0%	8.9	10.3	-14%
EPS adjusted & diluted, p	10.9	10.9	0%	10.4	11.8	-12%
Net cash**, £m	61.3	61.3	0%	62.3	63.6	-2%
P/E	14.3	14.3		11.4	9.8	
DPS, p	7.0	7.0	0%	7.0	8.0	-13%
Dividend yield	6.9%	6.9%		6.9%	7.9%	

Source: Equity Development, Priced at 12/10/2026

*Revenue less Adjusted Operating Costs (which are IFRS costs less non-recurring acquisition costs, amortisation of intangibles acquired, one-off tax credits & mark-to-market of NI on equity awards)

**ex. leases, incl. 3rd-party interest on consolidated funds.

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